United States Court of Appeals for the Second Circuit



JOINT APPENDIX

No.767378 Ø

in the

United States Court of Appeals

For the Second Circuit

KASTAR, INC.,

Plaintiff-Appellee,

VS.

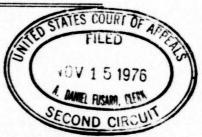
K MART ENTERPRISES, INC.

Defendant-Appellant.

Appeal from the United States District Court for the Eastern District of New York.

> Honorable Orrin G. Judd. Judge Presiding.

JOINT APPENDIX.



LACKENBACH, LILLING & SIEGEL,

41 East 42nd Street, New York, New York 10017, (212) 986-7630,

Attorneys for Plaintiff-Appellee.

RICHARD E. ALEXANDER, ALLEN L. GREENBERG. RICHARD E. ALEXANDER, LTD., 33 North Dearborn Street, Chicago, Illinois 60602, (312) 726-7800.

Attorneys for Defendant-Appellant.

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UNITED STATES DISTRICT COURT EASTERN DISTRICT OF NEW YORK	
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KASTAR, INC., :	
Plaintiff, :	
-against- : 740	1266
K-MART ENTERPRISES, INC.,	
Defendant. :	
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UNITED STATES DISTRICT COURT EASTERN DISTRICT OF NEW YORK

KASTAR, INC.,

Plaintiff,

-against-

K-MART ENTERPRISES, INC.,

Defendant.

REQUEST FOR RECORD

COWAN, LIEBOWITZ & LATMAN, P. C.

ATTORNEYS FOR Defendant

200 EAST 42ND STREET NEW YORK, N. Y. 10017 YU 6-6272

COPY RECEIVED

THIS ______ DAY OF ______197__

IMITED STATES DISTRICT COURT EASTERN DISTRICT OF NEW YORK

KASTAR, INC.,

Plaintiff,

-against-

MART ENTERPRISES, INC.

JUDGE ORRIN G. JUDD

Defendant.

740 1266

TO:

The Honorable Judges of the United States District Court for the Eastern District of New York

BILL OF COMPLAINT

Plaintiff complains of the defendant and alleges:

COUNT I

- 1. Plaintiff, Kastar, Inc., is a corporation organized and existing under the laws of the State of New York and has an office and place of business at Station Road at Sunrise Highway, Bellport, L.I., New York 11713.
- 2. Defendant, plaintiff is informed and believes and therefor avers, is a corporation organized and existing under the laws of the State of Michigan with a place of business at 2875 Richmond Avenue, Staten Island, New York 10314 and has committed acts of infringement within the Eastern District of New York and elsewhere within the United States.
- 3. This Complaint arises under the Patent Laws of the United States and more particularly, under 35 USG (1952) Section 281, 283, 284 and 285.

1

- 4. On May 22, 1973, United States Letters Patent
 No. 3,733,627 was duly and legally issued to Harry Epstein,
 assigned to plaintiff, Kastar, Inc. for Electrician's Combination
 Tool.
- Plaintiff, Kastar, Inc., is the owner of said United
 States Letters Patent.
- 6. Defendant, has been, since the issuance of said

 Letters Patent and within six years prior to the institution

 of this action and still is, infringing the said Letters Patent

 No. 3,733,627 by making and selling and offering for sale, without

 leave or license with plaintiff, and in violation of plaintiff's

 rights, within the Eastern District of New York and elsewhere in

 the United States, Electrician's Combination Tools embodying

 the invention disclosed and claimed in said Letters Patent and

 will continue to do so unless enjoined by this Court.
- 7. Plaintiff had notified defendant in writing of defendant's infringement of said Letters Patent and has placed a statutory notice on all products made and sold by it under said Letters Patent No. 3,733,627 since issuance of said Letters Patent on May 22, 1973.
- 8. Defendant's said infringing acts are willful and with full knowledge of plaintiff's rights under said Letters
 Patent No. 3,733,627.
- 9. The invention covered by the aforesaid Letters

 Patent is of great utility and value to plaintiff and to the

 public and has constituted the basis for a valuable and

 substantial business built up by the plaintiff, Kastar, Inc. on

 the basis of said invention.

and receive from the aforesaid infringement, gains, profits and advantages but to what amount plaintiff is not informed and cannot set forth and plaintiff, by reason of the aforesaid infringement and acts of defendant, has been and will be greatly damaged and has been and will be deprived and prevented from receiving, if such infringement is not restrained by this Court, all of the gains and profits to which plaintiff is lawfully entitled and which it would have derived and received and would now be deriving and receiving but for the aforesaid infringement.

COUNT II

- 11. This Court is for common law, unfair competition and jurisdiction is conferred on this Court by 28 USC Section 1338 (d) in that this is a count for unfair competition which is joined with a substantial and related claim arising under the patent laws of the United States, as set forth in Count I.
- 12. Jurisdiction is conferred on this Court under
 28 USC 1332 and 1338 in that the matter in controversy exceed
 the sum or value of \$10,000 exclusive of interests and costs
 and by reason of the diversity of citizenship of the party.
- 13. Plaintiff repeats and re-alleges the allegations set forth in Paragraphs 1 to 10 of Count I as if set forth herein in their entirety.
- 14. Plaintiff for some time past, and both prior to and after the issuance of the patent to plaintiff, had been selling to defendant, a five-way wire stripper and crimper under No. K511 in a distinctive package and card which wire stripper and crimper so packaged was manufactured in the United States by plaintiff.

- 15. Defendant, since the issuance of said patent to plaintiff, has had made for it, on information and belief, in Japan, an exact duplicate of such wire stripper and crimper which is being sold by defendant under the designation "K-CODE 82-41-01". Such product and the packaging thereof are in all respects, including the illustrations and all other printing upon the package, are identical in every respect with the packaging and illustrations both on the front and back as the item which has been sold by plaintiff to defendant for some time.
- l6. Defendant's importation and sale of the identical product previously bought by it from plaintiff and the sale of such product in the identical dress, packaging, illustrations, etc. is in unfair competition with plaintiff and is an infringement of, and trading upon the proprietary rights of plaintiff.
- 17. Defendant's use and sale of the aforesaid product in the package identical in all respects with the product and packaging of plaintiff, constitutes an attempt by defendant to appropriate and use to its own benefit, the goodwill and proprietary rights of plaintiff and such appropriation and use can and is likely to confuse and deceive the purchasing public into believing that all of the products of the defendant originate from plaintiff, whereas, in fact, such product does not originate with plaintiff, Kastar, Inc.
- 18. Plaintiff, Kastar, Inc. has no adequate remedy at law and has suffered irreparable harm and damage as the result of defendant's aforesaid acts and is suffering monetary damage in an amount not thus far determined, but in excess of \$100,000.

WHEREFORE, plaintiff prays:

- 1. For a decree adjudging that the aforesaid Letters

 Patent No. 3,733,627 is good and valid and is owned by the

 plaintiff and has been infringed by the defendant.
- 2. That a Writ of Subpoena ad respendendum issue forthwith out of and under the sale of this Honorable Court directed to the defendant, requiring by day certain and under certain penalty, to appear and make full and perfect answer (but not under oath), to the Bill of Complaint herein.
- 3. That a Writ of Injunction issue out of and under the scal of this Honorable Court directed to the defendant perpetually restraining it, its officers, agents and employees from directly or indirectly infringing said Letters Patent No. 3,733,627.
- 4. That the defendant may be decreed to account to plaintiff for all of the gains, profits and advantages realized by defendant from its infringement and unlawful use and practices of the invention patented in any by said Letters Patent and in addition to the said gains, profits and advantages to be so accounted for, the damages sustained by the plaintiff as the result of said infringement.
- 5. That the defendant is officers, employees, successors and assigns and all holding through or under it, and all those acting for or on its behalf, be enjoined and restrained during the pendency of this action and permanently thereafter:
- a. From unfairly competing with the plaintiff in its sale of the product and the particular dress of the goods or

package containing such goods.

- b. From using the style of packaging or any simulation thereof as is used by plaintiff and heretofore sold by plaintiff to defendant on or in connection with the distribution, sale offering for sale, advertising or promotion of said product.
- 6. That the defendant be required to account to the plaintiff for all profits and damages realized from the sale and distribut on of such goods by the defendant or any simulation recolorable imitation of plaintiff's packaging of such goods.
- 7. That the defendant be required to account to plaintiff for all profits made by it and damages sustained by plaintiff together with all profits and damages hereafter sustained resulting from the unfair competition aforesaid and in view of the willful and deliberate nature of said infringement and unfair competition that said damages be trebled.
- 8. That the defendant may be decreed to pay the costs herein including reasonable attorneys fees; and,
- 9. That the plaintiff may have such other and further relief and the circumstances of the case may require and to this Court may seem right and just.

KASTAR, INC.

ARMAND E. LACKENBACH,

Attorney for Plaintiff, 154 West Boston Post Road

Mamaraneck, New York 10543

(914) 381-2100

United States District Court

A.

FOR THE

EASTERN DISTRICT OF NEW YORK

____DIVISION

CIVIL ACTION FILE NO.____

KASTAR, INC.,

JUDGE ORRIN G. JUDD

40 1266

Plaintiff v.

SUMMONS

K MART EMTERPRISES, INC.,

Defendant

To the above named Defendant :

You are hereby summoned and required to serve upon

ARMAND E. LACKENBACH, ESQ.

plaintiff's attorney , whose address is 154 West Boston Post Road
Manaroneck, New York 10543

an answer to the complaint which is herewith served upon you, within 20 days after service of this summons upon you, exclusive of the day of service. If you fail to do so, judgment by default will be taken against you for the relief demanded in the complaint.

SI LEWIS ORGEL

Clerk of Cour

Deputy Clerk.

Date: AUGUST 30, 1974

[Seal of Court]

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	u		

United States District Court

v.

SUMMONS IN CIVIL ACTION

Returnable not later than days after service.

Attorney for Plaintiff.

I received	this	summons	and	served	it	together	with	the	complaint	herein as	follows:

MARSHAL'S FEE	S								
Travel \$	******					United	States	Marshal.	-
Service			Ву	•••••	************	····			_
					Deputy	United	States	Marshal.	
Subscribed and	sworn to before	e me, a				this			
day of	, 19								
[SEAL]			•	• • • • • • • • • • • • • • • • • • • •	********	•		•	

Note .- Affidavit required only if service is made by a person other than a United States Marshal or his Deputy.

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF NEW YORK

Plaintiff,

V.

Defendant.

Plaintiff,

Divil Action No. 74 C 1266

Judge Orrin G. Judd

ANSWER AND COUNTERCLAIM

Comes now defendant, K Mart Enterprises, Inc., by its attorneys and Answers the Complaint as follows:

COUNT I.

- 1. Defendant is without information sufficient to form a belief as the allegations of paragraph 1 of the Complaint and therefore denies the same and leaves plaintiff to its proof.
- 2. Defendant admits that it is a convention organized and existing under the laws of the State of Michigan whose address is 3000 West Fourteen Mile Road, Royal Oak, Michigan, 48073, and further alleges that it is a wholly owned subsidiary of S. S. Kresge Company. The defendant further admits that it has a store located at K Mart Plaza, 2875 Richmond Avenue, New Springdale, Staten Island, New York, 10314, but defendant denies that it has committed any act of infringement within the Eastern District of New York or anywhere else with the United States.
- 3. Defendant admits that Count 1 of the Complaint purports to allege an action arising under the patent laws of the United States but denies that there has been any act of

infringement.

- 4. Defendant denies the allegations of paragraph 4 of the Complaint except to the extent that on May 22, 1973, U.S. Letters Patent No. 3,733,627 was issued to Harry Epstein and the patent purports to show an assignment to Kastar, Inc., Bellport, New York, and defendant specifically denies that said patent was either duly or legally issued by the United States Patent Office.
- 5. Defendant is without knowledge sufficient to form a belief and therefore denies the allegations of paragraph 5 of the Complaint and leaves plaintiff to its proof.
- Defendant denies each and every allegation of paragraph
 of the Complaint.
- 7. Defendant admits receiving notice from plaintiff's counsel alleging infringement of U.S. Letters Patent No. 3,733,627 in July and August 1974 but otherwise denies each and every allegation of paragraph 7 of the Complaint. Defendant is without any knowledge as to the plaintiff's marking its products made and sold by it under U.S. Letters Patent No. 3,733,627 and leaves plaintiff to its proof.
- Defendant denies each and every allegation of paragraph
 of the Complaint.
- 9. Defendant is without any knowledge sufficient to form a belief as to the truth of any of the allegations of paragraph 9 of the Complaint and therefore denies the same and leaves plaintiff to its proof.
- 10. Defendant is without knowledge sufficient to form a belief with respect to all of the allegations of paragraph 10 of the Complaint and therefore denies the same and leaves plaintiff

to its proof.

COUNT II

- 11. Defendant admits that Count II of the Complaint, paragraphs 11 through 18 purport to allege the count of unfair competition and that the jurisdiction is allegedly conferred upon the Court by 28 U.S.C. §1338(d). Defendant specifically denies that there is any substantial related claim for unfair competition on the count of any activity of defendant and therefore denies all the allegations of paragraph 11 of the Complaint and leaves defendant to its proof.
- 12. Defendant denies that there is any matter in controversy which has a value which exceeds \$10,000.00 excluse of interest and costs as alleged in paragraph 12 of the Complaint. Defendant is without sufficient knowledge to form a belief with respect to the allegation of diversity of citizenship therefore denies the same and leaves plaintiff to its proof.
- 1.3. Defendant repeats and realleges the allegations and answers set forth in paragraphs 1-10 hereof relating to Count I as if set forth herein in their entirety.
- 14. Defendant admits that prior to the issuance of U.S.

 Letters Patent No. 3,733,627 that plaintiff sold to defendant
 a five-way wire stripper and crimper under part number K511.

 Defendant denies each and every other allegation of paragraph 14
 of the Complaint and leaves plaintiff to its proof.
- 15. Defendant admits importing under a designation "K-code 82-41-01 a wire stripper and crimper since prior to the issuance of the patent in suit, U.S. Letters Patent No. 3,733,627. Defendant specifically denies each and every other

allegation of paragraph 13 of the Complaint and leaves plaintiff to its proof.

- Defendant denies each and every allegation of paragraph
 of the Complaint and therefore leaves plaintiff to its proof.
- Defendant denies each and every allegation of paragraph
 of the Complaint and leaves plaintiff to its proof.
- 18. Defendant denies each and every allegation contained in paragraph 18 of the Complaint and leaves plaintiff to its proof.

AFFIRMATIVE DEFENSES AS TO COUNT I OF THE COMPLAINT

- 19. Defendant further avers, upon information and belief, that, by reason of the proceedings in the United States Patent Office during the prosecution of the application which resulted in the issuance of said letters patent, plaintiff is estopped to claim a construction of said patent that would cover and include any tools manufactured, used, sold, or offered for sale by defendant.
- 20. The defendant further avers that said letters patent is invalid for one or more of the following reasons:
- a. The patentees did not invent the subject matter patented, nor did the patentee invent the subject matter patented, nor did he make any invention or discovery which is either novel, original, or otherwise within the meaning of 35 U.S.C. §§101,102.
- b. In the light of the prior art at the time the alleged invention was made, the subject matter as claimed toold have been obvious to a person of ordinary skill in the art to which the alleged invention relates and as such does not constitute a patentable invention as required by 35 U.S.C. §103.

- c. On information and belief, the alleged invention was in public use or on sale in this country or described in a printed publication more than one year prior to the filing of the patent application which matured into the patent in suit, and thus does not constitute patenable invention as required by 35 U.S.C. §102.
- d. The specification does not disclose the manner and process of making and using the alleged invention in such full, clear, concise, and exact terms as to enable a person skilled in the art to make and use the alleged invention nor does it set forthe the best mode contemplated by the alleged inventor for carrying out the invention within the meaning of 35 U.S.C. §112, nor does the patent point out and distinctly claim the subject matter which the inventor claimed to be his invention as required by 35 U.S.C. §112.
- 21. This case is exceptional under 35 U.S.C. §285 because the plaintiff comes to this court with unclean hands and attempts in bad faith to assert patent claims against prior art articles of manufacture.

AFFIRMATIVE DEFENSES AT TO COUNT II OF THE COMPLAINT

22. Defendant's products are packaged in packages which were designed by defendant and employ a distinctive color scheme and makeup which is the sole design and property of defendant.

COUNTERCLAIM

Defendant-counterclaimant, for its complaint against plaintiff-counterdefendant, alleges as follows:

23. Defendant-counterclaimant is a corporation organized and existing under the laws of the State of Michigan with a

place of business at K Mart Plaza, 2875 Richmond Avenue, New Springdale, Staten Island, New York, 10314. Plaintiff-counter-defendant, Kastar, Inc., is on information belief a corporation organized and existing under the laws of the State of New York with an office and place of business at Station Road on Sunrise Highway, Bellport, Long Island, New York, 11713.

- 24. This Court has jurisdiction over the subject matter pursuant to the declaratory judgment laws of the United States, 28 U.S.C. §2201-02, and under the laws of the United States concerning actions relating to patents, 28 U.S.C. §1338(a). There exists a justifiable controversy between defendant-counterclaimant and plaintiff-counterdefendant concerning the validity and scope of plaintiff's U.S. Letters Patent No. 3,733,627 and defendant's liability for alleged infringement thereof.
- 25. The said patent upon information and belief is invalid and unenforceable for one or more of the reasons alleged in paragraphs 19-21 of the Affirmative Defenses to Count I, which are incorporated herein by reference, along with the allegations of paragraph 1-10, as if fully set forth herein.

WHEREFORE, DEFENDANT FRAYS:

- A. That the Court declare that said U.S. Letters Patent No. 3,733,627, and each of the claims therof, is invalid and not infringed by defendant-counterclaimant.
- B. That the Court award defendant its costs and reasonable attorney fees under 35 U.S.C. §285; and
 - C. That the Court award such further relief as to the

Court may seem just.

Respectfully submitted,

Thomas M. Marshall, Esquire 111 East 38th Street New York, New York 10016 (212) 685-5657

OF COUNSEL:

Richard E. Alexander, Esquire Alexander and Speckman 33 North Dearborn Street Chicago, Illinois 60602 (312) 726-7800

CERTIFICATE OF SERVICE

This is to certify a true copy of the foregoing ANSWER

AND COUNTERCLAIM was served on counsel for plaintiff by mailing
a copy thereof to him on this day of October, 1974, first
class postage prepaid.

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF NEW YORK

MASTAR, INC.,

Plaintiff,

Civil Action No.

-against-

74 C 1266

MART ENTERPRISES, INC.,

: Judge Orrin G. Judd

Defendant.

REPLY TO PURPORTED COUNTERCLAIM

Plaintiff, for its reply to defendant's purported Counte: laim, avers as follows:

- 1. Plaintiff admits the allegations of paragraph 23 of the purported Counterclaim.
- 2. Plaintiff admits the jurisdiction of this Court ever the subject matter and admits that a justiciable controver: exists between plaintiff and defendant as alleged in paragraph 24 of the purported Counterclaim.
- 3. Plaintiff denies each and every allegation in, or incorporated by reference therein, contained in paragraph 25 of the purported Counterclaim.

WHEREFORE, plaintiff denies that defendant is entitled to any relief prayed for in said purported Counterclaim, or to any relief, and prays such purported Counterclaim to be dismiss with its costs in this case, and for such other and further relief as to th ay seem just.

Dated: December 5, 1974 Mamaroneck, N.Y.

ARIAND E. LACKENBACH

Attorney for Plaintiff 154 W. Boston Post Road

Mararoneck, New York 10543

UNITED STATES DISTRICT COURT EASTERN DISTRICT OF NEW YORK

KASTAR, INC.,

RECEIVEDJUN 2 3 1975

Plaintiff.

75-C-1266

- against -

K MART ENTERPRISES, INC.

Defendant.

ORDER FOR PRODUCTION OF DOCUMENTS AND FOR THE HANDLING OF CONFIDENTIAL INFORMATION

This court, having been apprised of the premises by virtue of a proposed Stipulated Order for the Pretrial Handling of Confidential Information and Documents, and a motion of defendant to compel the production of documents and having had a conference in regard to these matters, it is hereby

ORDERED as follows:

- 1. Plaintiff shall produce Bertram Kaplan and Harry Epstein for deposition at the offices of Kastar, Inc., Station Road at Sunrise Highway, Bellport, Long Island, New York 11713, at 10:00 a.m. on Friday, June 27, 1975, or such other date as the parties may agree or the court may fix. Also, plaintiff shall make available for depositions any and all persons who participated in the production of documents hereunder or who has knowledge concerning the documents produced hereunder;
- 2. Plaintiff shall produce to counsel for defendant at 9:30 a.m. on the same day at the offices of Kastar, Inc. for inspection and copying the following:
 - (a) all documents including letters, correspondence, invoices, drawings, blueprints, and any other tangible material relating in any manner whatsoever to "electrician's combination tools," including but not limited to:

- (1) the model designated as No. K 511;
- (2) any and all models which antidated K5ll or were offered for sale or considered under the designation K 5ll;
- (3) any and all models offered for sale, sold or considered under the designation No. 511 A; and
- (4) any five-way wire stripper or crimper offered for sale or known to Kastar, Inc. not previously described herein.
- 3. All papers and documents of whatsoever kind including, but not limited to, exhibits, answers to interrogatories and responses to requests for admission deemed by a party to contain confidential and proprietary information, or to be privileged, may be filed with the Clerk separately from other papers in a sealed envelope bearing the following notice:

CONFIDENTIAL: Filed pursuant to Order for the Handling of Confidential Information. NOT TO BE OPENED UNTIL FURTHER ORDER OF THE COURT.

- 4. The Clerk is hereby ordered to keep any document filed in the above manner separate from the records of the case which are open to the public, until further order of the court;
- 5. Counsel for, and the parties to this action, shall not use any confidential, proprietary, or privileged information for any purpose other than for purposes of this suit and counsel shall retain all such papers and documents in their custody throughout the pretrial period. Any confidential or privileged paper or document that counsel wishes to file with the Clerk shall be filed in accordance with Paragraph 3 above.
- 6. All such papers and documents, including, but not limited to, exhibits, answers to interrogatories and response to requests for admission may be disclosed by counsel in whose custody they are being retained only to associate attorneys in preparation for trial of this action, and to officers, agents and employees of his client on a "need to know" basis respecting work directly

related to preparation for trial, and to a limited number of other persons, such as expert witnesses, only in preparation for trial, provided that all parties and persons to whom any confidential or privileged information is disclosed agree in writing not to disclose such material except for purposes of this action;

- 7. This order does not prevent a party from making any other valid objection to the disclosure of any document or information:
- 8. The court reserves jurisdiction to determine that any material is not entitled to confidential or privileged status or otherwise to modify this Order.

Dated: Brooklyn, New York June 20, 1975

ORRIN G. JUDD

United States District Judge

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF NEW YORK

KASTAR, INC.

Plaintiff

vs.

Civil Action No. 74 C 1266

K MART ENTERPRISES, INC.

Defendant

Defendant

NOTICE OF DEPOSITIONS

TO: James E. Siegel, Esq. Lackenbach, Lilling & Siegel 41 East 42nd Street New York, NY 10017

1.

Pursuant to the Court's Order of June 20, 1975, Defendant K Mart Enterprises, Inc., through its attorneys, hereby notice Plaintiff of the taking of the following depositions at the offices of Kastar, Inc., Station Road at Sunrise Highway, Bellport, Long Island, New York, beginning at 10 a.m. on Monday, February 9, 1976, and shall be continued thereafter until completed:

- 1. Bertram Kaplan, President of Kastar, Inc.;
- 2. Harry Epstein:
- 3. James G. Hartwyck, Vice President of Sales;
- 4. Tom Devito, Purchasing Department; and
- 5. Joseph Papperelli, Vice President.

Pursuant to the same Order of the Court dated June 20, 1975. Plaintiff shall also produce to Counsel for Defendant at 9:30 a.m. on February 9, 1976, and each day thereafter until the depositions are completed, at the offices of Kastar. Inc., the following for inspection and copying:

- All documents including letters, correspondence, invoices, drawings, blueprints, and any other tangible material relating in any manner whatsoever to "electrician's combination tools", including but not limited to:
 - (a) the model designated as No. K 511:
 - (b) any and all models which antidated K 511 or were offered for sale or considered under the designation K 511:
 - (c) any and all models offered for sale, sold, or considered under the designation No. 511 A: and
 - (d) any five-way wire stripper or crimper offered for sale or known to Kastar, Inc., not previously described herein.
- 2. All papers and documents of whatsoever kind including, but not limited to, exhibits, answers to interrogatories and responses to requests for admission deemed by a party to contain confidential and proprietary information, or to be privileged, may be filed with the Clerk separately from other papers in a sealed envelope bearing the following notice:

CONFIDENTIAL: Filed pursuant to Order for the Handling of Confidential Information. NOT TO BE OPENED UNTIL FURTHER ORDER OF THE COURT.

You are invited to attend.

Dated: January 16, 1976

Richard E. Alexander, Esq. Counsel for Defendant

THE LAW FIRM OF RICHARD E. ALEXANDER, LTD. 33 North Dearborn Street Chicago, Illinois 60602 (312) 726-7800

CERTIFICATE OF SERVICE

It is hereby certified that one true copy of the foregoing NOTICE

OF DEPOSITIONS was served upon Plaintiff by depositing said copy in the

United States mail, first class postage prepaid, and addressed to

Plaintiff's counsel of record, James E. Siegel, Esq., Lackenbach, Lilling

& Siegel, 41 East 42nd Street, New York, New York, 10017, this 16th

day of January, 1976.

Richard E. Alexander, Esq.

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IN THE UNITED STATES DISTRICT COURT FOR THE CASTERN DISTRICT OF YEW YORK

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RASTAR, DIC.,

Plaintiff,

Civil Action No. 74 C 1266

K MART ENTERPRISES, INC.,

Honorable Judge Orrin 3. Judd

NOTICE OF MOTION

Defendant.

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MOTICE OF MOTION BY PLAINTIFF FOR VOLUNTARY DIEMISSAL OF COUNT I OF THE COMPLAINT UNDER P.B.C.P. 41(a)(2); DEFENDANT'S COUNTERCLAIM UNDER F.P.C.P. 12(b) and 12(h)(2)(3); AND QUASHING MOTICES OF TAYING DEPOSITIONS UNDER P.R.C.P. 6(b) and 45(b).

Richard E. Alexander, Esq. Attorney for Defendant 33 North Dearborn Street Chicago, Illinois 60602 TO:

Please take notice that, upon the annexed MOTION BY PLAINTIFF FOR VOLUNTARY DISMISSAL OF COUNT I OF THE COMPLAINT UNDER F.R.C.P. 41(a)(?); DEFENDANT'S COUNTERCLAIM UNDER F.R.C.P. 12 (b) and 12 (h) (2) (3); AND QUASHING NOTICES OF TAKING DEPOSITIONS UNDER F.P.C.P. 6(b) and 45(b); AFFIDAVIT OF MYRON GREENSPAN, ESO.; and MEMORANDUM IN SUPPORT OF THE MOTION; and upon the plendings and all of the proceedings herein, plaintiff will move this Court before the Honorable Orrin G. Judd in the courtroom usually occupied by him in the United States Courthouse, 235 Cadman Plaza Past. Dronklyn, New York, at a term for Motions there to an hear at Friday, the 13th day of February, 1976, at 10:00 O'clock in the foresoon of that date, or as soon thermafter as counsel can be heard, for an order granting placetiff's Motion for Woluntary Dismissal of Count I of the complaint, granting plaintiff's Motion for Dismissal of Defendant's Counterclaim, and for an order granting plaintiff's Motion for Quashing Defendant's Notice of Depositions, new

rescheduled by stipulation for February 17, 1976, and for such other and further relief as this Court may deem just and proper.

LACKENBACH, LILLING & SIEGEL

41 East 42nd Street New York, New York 10017 (212) 986-7630

Date: February 9, 1976 IN THE UNITED STATES DISTRICT COUPT FOR THE EASTERN DISTRICT OF HEW YORK

KASTAR, INC.,

v.

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Plaintiff,

_ _ _ _ - - - - - - - - X

Civil Action No. 74 C 1266

Honorable Judge Orrin G. Judd

K MART ENTERPRISES, INC., : MOTION

THE CAMBRIDG ARE ARE THE MELICITIES IN THE SERVER A MALTER MILITER ACTION OF THE SERVER ASSESSMENT OF THE SERVER ASSESSME

Defendant.

MOTION BY PLAINTIFF FOR VOLUNTARY DISMISSAL OF COUNT I OF THE COMPLAINT UNDER F.R.C.P.

41(a)(2); DEFENDANT'S COUNTERCLAIM UNDER F.R.C.P. 12(b) and 12(h)(2)(3); AND QUASHING NOTICES OF TAKING DEPOSITIONS UNDER F.R.C.P.

6(b) and 45(b).

Pursuant to Rules 12(b), 12(h)(2) and (3), 41(a)(2) and 45(b) F.R.Civ.P., and Rule 9 of the local rules, plaintiff moves this Court for an order dismissing Count I of plaintiff's complaint and the defendant's counterclaim on the ground that the counterclaim is a claim for a declaratory judgement of invalidity of U.S. Letters Patent No. 3,733,627 basing its jurisdiction on the declaratory judgement laws of the United States, 28 U.S.C. §\$2201-02, and under the laws of the United States concerning actions relating to patents, 28 U.S.C. §1338(a) and, therefore, the jurisdictional basis for this counterclaim is not dependant on the continued existence of plaintiff's Count I in this action. The counterclaim could normally remain bending for independent adjudication by this Court even if Count I is dismissed or discontinued. This is because Count I is for infringement of the patent in suit, and

the counterclaim requires only a judiciable controversy.

In making its counterclaim, defendant alleges that there does exist the required justiciable controversy between plaintiff and defendant concerning the validity of plaintiff's U.S. Patent No. 3,733,627. The controversy, however, according to Section 2201 of Title 28 U.S.C., Code of Judicial Precedure, which gives this Court jurisdiction over declaratory judgment actions, must be an "actual controversy". Plaintiff in this action is proceeding to dedicate U.s. Letters Patent No. 2,733,627 to the public. A copy of a communication to the United States Patent and Trademark Office to this effect is a lawed hereto. As set forth in the AFFIDAVIT OF MYRON GREENSPAN, Erg., also annexed hereto, the necessary steps are being taken to have the attached document executed and transmitted to the United States Patent and Trademark Office for filing.

Dedication of the patent not only removes the foundation for plaintiff's Count I of the complaint, but also renders defendant's counterclaim most because it eliminates any "actual controversy" between the parties. The dedication of the patent in suit to the public, then, also renders plaintiff's Count I of the complaint moot. Both Count I and the counterclaim should be dismissed for that reason.

In defendant's Notice of Depositions dated January 16, 1976, defendant seeks to depose officers and employees of the plaintiff with respect to the validity of U.S. Letters Patent No. 3,723,617. This is evidenced by the request in the Notice to Produce Documents and Correspondence for Inspection and Copying. All of the requested materials relate to ELECTRICIAN'S COMMINATION FOCUS, including but not limited to Models K511 and ILLA, and all other 5-way wire strippers and crimpers offered

pursue a line of questioning which pertains only to the validity of the patent in question. Indeed, what other line of questioning can the defendant pursue within the score of its counterclaim. There is none other. The issue of validity, however, must now be rendered moot by the dedication of the patent, for the reasons given above. The jurisdictional basis for the defendant's counterclaim for declaratory judgement of patent invalidity is eliminated. The Motion for Dismissal of Defendant's Counterclaim, which is made under F.R.Civ.P. 12(b) and 12(h) (2) and (3), must therefore be granted.

Pursuant to F.R.Civ.P.6(b) and 45(b), plaintiff moves to quash the defendant's Notice of Depositions of Officers and Employees of Plaintiff, which depositions are now set by stipulation for February 17, 1976. With the patent being dedicated to the public, any inquiries which relate to any alleged invalidity of the patent is rendered moot. Accordingly, any such further depositions of plaintiff's officers or employees will only be a time consuming and expensive exercise in futility. Any further actions by plaintiff which will substantially increase the cost of this litigation to both parties can only decrease the chances of a just and reasonable settlement or compromise of this action. For this reason, plaintiff moves this Court to quash defendant's Notice of Depositions or, in the alternative, to stay these depositions until such time that this Court has reached a decision on this Motion.

WHILEOF, plaintiff prays for an order as set out above.

LACKENBACH, LILLING & SIECEL

WHAT REPENSION ESO.

41 East 42nd Street
New York, New York 10017
(212) 986-7630

Date: Pebruary 9, 1976

-3-

' IN THE UNITED STATES DISTRICT COURT LOR CHE SYSTEM DURANTEL OF DEM ACIO.

KASTAR, TYC.,

Plaintiff,

Civil Action No. 74 C 1266

K MART ENTERPRISES, INC., : Honorable Judge Orrin G. Judd

Defendant

AFFIDAVIT OF MYRON GREENSPAN, ESQ.

COUNTY OF NEW YORK) STATE OF NEW YORK)

MYRON GREENSPAN, ESQ., being duly sworn deposes and says that:

- 1. I am an attorney admitted to the Bar of the State of New York, and to the Bar of this and other federal courts.
- 2. I am associated with the Firm of Lackenbach, Lilling & Siegel, counsel for plaintiff in the above-captioned matter. James E. Siegel, Esq. of the firm of Lackenbach, Lilling & Singel and I have been handling this matter from its inception and, therefore, am fully familiar with all the facts and dircumstances forming the background and present demonstrate this case.

- . On Tuesday, February 3, 1976, James E. Siegel, Esq.
- 4. During the February 3, 1976 visit, we discussed with Mr. Bertrar Kaplan, the plaintiff's president, the possibility of dedicating the patent in suit to the public to minimize lititation expenses to all parties involved.
- 5. Plaintiff has now decided to dedicate U.S. Letters Patent No. 3,733,627 to the public.
- 6. I have prepared a document, a copy of which is annexed to the Motion papers, to dedicate the patent in suit to the public.
- 7. The original of the dedication document has been mailed to the plaintiff on February 6, 1976 for execution by Mr. Bertram Kaplan, plaintiff's president, and Mr. Joseph Paparelli, plaintiff's secretary.
- 8. In transmitting the dedication document to plaintiff, I have unded Mr. Kaplan to have the same executed at once so that the patent can be dedicated to the public as soon as possible.
- 9. The dedication document will be filed in the U.S. Patent and Trademark Office as soon as it is executed and received by plaintiff's attorneys.

10. Plaintiff's attorneys called Mr. Richard E. defendant's attorney, on February 5, 1976 to seek was and ariquiate to dismiss Count I of -- The Counterglaim. Mr. Alexander was not message was left to have him return the Plainting attorneys have still not, as of February 9, which received such a return call. We will reach Mr. Alexander and, if successful, the by agreement the issues raised by the required by Local Rn 9(f). A it certifying such iscussion, if it to filed with this " out the latest by before moon of +1 day, if the motion d under Local Rul i), or the latest by 1076, at the hearing these motions, if no maned.

Murm Grewpan

to and subscribed before me 9th day of thrusty, 1976.

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LAW OFFICES OF

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Lackenback, Lilling & Singel

PATENT AND TRADEMARK CAUSES

February 10, 1976

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NEW YORK

41 EAST 4240 STREET NEW YORK, N.Y. 10017 (212) 986-7630

154 WEST BOSTON POST ROAD MAMARONECK, N Y 10543 (914) 381-2100

VIRGINIA

JACOBI, LILLING & SIEGEL
1755 SOUTH JEFFERSON DAVIS HIGHWAY
ARLINGTON, VIRGINIA 22202
(703) 521-3330

New York City office

CY FREEMAN (1920-1972)

CABLE ADDRESSES

BURTUM NEWYOR.

BURTJIM VA.

TELEX

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MAND E. LACKENBACH TON L. LILLING JES E. SIEGEL JRY A. MARZULLO, JR.

NK P. PRESTA (NOT ADMITTED IN N Y)

RY G. MAGIDOFF

Honorable Judge Orrin G. Judd United States District Judge United States Courthouse 225 Cadman Plaza East Brooklyn, New York 11201

Re.: Kastar, Inc. v. K Mart Enterprises, Inc. Civil Action No. 75 C 1266

Dear Judge Judd:

We enclose herewith a copy of the dedication document dedicating U.S. Letters Patent No. 3,733,627 to the public.

A copy of this document was supposed to be attached to the motion papers filed on February 10, 1976 by the plaintiff, Kastar, Inc., in the above-captioned matter.

It was anticipated that a copy of the dedication document as executed by the plaintiff be attached to the motion papers. However, plaintiff's attorneys have not yet received the executed document. For this reason, in order to complete the motion papers, an unexecuted copy of the dedication document is submitted herewith. As soon as plaintiff's attorneys receive the executed document, a copy thereof will be filed with the Court for substitution with the enclosed copy.

Very truly yours,

LACKENBACH, LILLING & SIEGEL

M. GREENSFAN

Myron Greenspan for the firm

MG:yu Enc.

cc: Richard E. Alexander, Esq. Cowan, Liebowitz & Latman, P.C.

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE:

Patentee:

. . . .

Harry Epstein

Patent No.:

3,733,627

Issue Date:

May 22, 1973

Title:

ELECTRICIAN'S COMBINATION TOOL

Hon. Commissioner of Patents and Trademarks Washington, D. C. 20231

DEDICATION OF UNITED STATES LETTERS PATENT NO. 3,733,627 TO THE PUBLIC

Sir:

Your Petitioner, KASTAR, INC., a corporation of the State of New York, having a place of business at Station Road at Sunrise Highway, Bellport, Long Island, New York 11713, represents that in the matter of a certain improvement in ELECTRICIAN'S COMBINATION TOOL on which Letters Patent of the United States No. 3,733,627 were granted to HARRY EPSTEIN on the 22nd day of May, 1973, it is the Assignee of the patent by assignment recorded in the United States Patent Office on May 20, 1971 at Reel 739, Frame 187. Your Petitioner hereby dedicates United States Letters Patent No. 3,733,627 to the public.

Signed at Bellport, Long Island, County of Suffolk State of New York, this day of , 1976.

KASTAR. INC.

BURTRAM KAPLAN, PRESIDENT

Attest:

JOSEPH PAPARELLI, SECRETARY

STATE OF NEW YORK)
) ss.:
COUNTY OF SUFFOLK)

On this day of , 1976, before me personally came BERTRAM KAPLAN and JOSEPH PAPARELLI, to me known, and known to me to be the PRESIDENT and SECRETARY, respectively, of KASTAR, INC., the Assignee of the above-named patent and acknowledged that they executed the foregoing instrument on behalf of said assignee and pursuant to authority duly received.

Notary

(SEAL)

41 FA - 1 4240 STREET NEW YORK N.Y. 10017 (212) 986-7630

*** ** * ***

IS4 WEST BOSTON POST POAD MAMARONECH, N Y 10543 (914) 381-2100

VIRGINIA

JACOBI, LILLING & SIEGEL
1755 SOUTH JEFFERSON DAVIS HISHWAY
ARLINGTON, VIRGINIA 22202
(703) 521-3330

New York City office

E. LACKENBACH

.. LILLING
SIEGEL
MARZULLO, JR.
PRESTA (NOT ADMITTED IN N.Y)
MAGIDOFF

RETMAN

ECNSPAN

February 11, 1976

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Honorable Judge Orrin G. Judd United States District Court Eastern District, New York 235 Cadman Plaza East Brooklyn, New York 11201

Re.: Kaster, Inc. v. K Mart Enterprises, Inc. Civil Action No. 74 C 1266

Dear Judge Judd:

Further to our letter of February 10, 1976, we have now received and enclose a copy of a document executed by the officers of plaintiff in the above-captioned action. This document dedicates United States Letters Patent No. 3,733.627 to the public. The original executed document is today being forwarded to the U.S. Patent Office for filing. It is believed that the patent in suit will become dedicated shortly after it is received and filed in the U.S. Patent Office.

Kindly substitute the enclosed executed dedication docyment for the one originally transmitted with our letter of February 10, 1976 and attach the same to our motion papers filed on February 10, 1976.

By:

Very truly yours,

LACKENBACH, LILLING & SIEGEL

M. GESPINSPAN

MG:yu

cc: Richard E. Alexander, Esq. / Cowan, Liebowitz & Latman, P.C.

Myron Greenspan for the firm

cation placed in downt Papers

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE:

Patentee:

Harry Epstein

Patent No.:

3,733.627

Issue Date:

May 22, 1973

ELECTRICIAN'S COMBINATION TOOL

Hon. Commissioner of Patents and Trademarks Washington, D. C. 20231

> DEDICATION OF UNITED STATES LETTERS PATENT NO. 3,733,627 TO THE PUBLIC

Sir:

Your Petitioner, KASTAR, INC., a corporation of the State of New York, having a place of business at Station Road at Sunrise Highway, Bellport, Long Island, New York 11713, represents that in the matter of a certain improvement in ELECTRICIAN'S COMBINATION TOOL in which Letters Patent of the United States, No. 3,733,627, were granted to HARRY EPSTEIN on the 22nd day of May, 1973, it is Assignee of the patent under Assignment recorded in the United States Patent Office on May 20, 1971 on Reel 739, Frame 187. Your Petitioner hereby dedicates United States Letters Patent No. 3,733,627 to the public.

Signed at Bellport, Long Island, County of Suffolk State of New York, this 4 haday of Fibruary, 1976.

KASTAR, INC.

Attest:

OSEPH PAPARDLLI, SECRETARY

STATE OF NEW YORK)
) ss.:
COUNTY OF SUFFOLK)

On this I day of Livery, 1976, before me personally came BERTRAM KAPLAN and JOSEPH PAPARELLI, to me known, and known to me to be the PRESIDENT and SECRETARY, respectively, of KASTAR, INC., the assignee of the above-named patent and acknowledged that they executed the foregoing instrument on behalf of said assignee and pursuant to authority duly received.

Notary

(SEAL)

Matary Public State of New York

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF NEW YORK

KASTAR, INC.)
Plaintiff)
vs.) Civil Action No. 74 C 1266
K MART ENTERPRISES, INC.) Judge Orrin G. Judd
Defendant	<u>'</u>

RICHARD E. ALEXANDER'S AFFIDAVIT IN SUPPORT OF DEFENDANT'S OPPOSITION TO PLAINTIFF'S MOTION TO DISMISS DEFENDANT'S COUNTERCLAIM INSOFAR AS IT RELATES TO ATTORNEYS' FEES

STATE OF ILLINOIS)

OUNTY OF COOK)

RICHARD E. ALEXANDER, ESQ., being duly sworn, deposes and says that:

- I am the attorney for Defendant, K Mart Enterprises, Inc., in the above-captioned matter.
- 2. Attached to this Affidavit are the following documents which establish absolutely that the subject matter of U.S. Patent No. 3,733,627 was offered for sale more than one year prior to the filing of the patent application in violation of 35 U.S.C. § 102, the pertinent portions of which read as follows:

A person shall be entitled to a patent unless --

(b) the invention was . . . on sale in this country, more than one year prior to the date of the application for patent in the United States . . .

It should be remembered that the filing date was May 20, 1971.

Kastar 1968 catalog showing at page 29 the DX C No. 511A wire stripper and crimper which is the subject of the patent. DX D Letter from Kastar's attorney admitting that the catalog is the 1968 catalog. DX F Invoice showing shipment of 720 No. 511A wire strippers on May 19, 1970, one year and one day prior to the filing of the patent application. See DX S. testimony of Mrs. Katz, Office Manager of Kastar, attesting that DX F (Defendant's Deposition Exhibit 22 D) was written by her as a telephone order from Strauss, with a phone confirmation by Strauss on April 6, the order being received by Kastar and typed on the 26th of March and having been fulfilled and shipped on May 19, 1970. DX G Order of March 10, 1970, of Strauss Stores ordering 720 Kastar tools. This document corroborates the catalog indicating offering for sale long before the critical date. DX H Letter of Mr. Kaplan indicating that No. 511A wire strippers had already been sold to customers as of January 14, 1970, and commenting on the difficulties with the DX I Letter of May 12, 1970, indicating shipment of the No. 511A wire stripper and corroborating that they will be shipping orders by the end of that week. Order from 1. C. Penney for the No. 511A DX J wire stripper dated November 24, 1969. DX K Order from J.C. Penney for the No. 511A wire stripper dated February 6, 1970. DX S Katz deposition, transcript pp. 3 and 13. Sylvia Katz, Office Manager at Kastar admitted that Kastar received orders for

- 2 -

May. 1970.

DX U

2,503 No. 511A wire strippers up until

Defendant's Deposition Exhibit 24 L, a letter from Attorney Lackenbach to Harry Epstein, President of Kastar, indicating

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receipt of three sheets of drawings for the tool on May 1, 1969, two full years prior to the filing date.

Defendant's Deposition Exhabits 24 F, 24 G, and 24 H pertain to production of drawings showing actual dimensions to use in making the combination tool, these drawings being made March 24, 1969, over two years prior to the filing of the patent application, and in the hands of the patent attorney, Elliot A. Lackenbach, who was responsible for filing of the patent application and who filed this suit before this Court.

- 3. Defendant feels strongly that Lackenbach was on notice is virtue of his early receipt of actual production drawings of the combination tool in May, 1969, to have checked back with Kastar prior to filing the application on May 20, 1971, to determine whether there had been a public offering for sale or sale. A check by Mr. Lackenbach with Mrs. Katz would have provided the answer. Mr. Epstein, before he signed the oath alleging that it had not been on sale for more than one year, could also have checked with Mrs. Katz to determine this fact. He also could have checked the 1968 catalog and determined this.
- 4. Further, Defendant feels strongly that attorneys for Kastar could have verified this information at any time prior to filing suit and at any time after filing suit in order to stop expenses running against Defendant.

RICHARD E. ALEXANDER, ESQ.

33 North Dearborn Street Chicago, Illinois 60602 Attorney for Defendant

SUBSCRIBED AND SWORN TO before me this 2/2 day of

1976

Notary Public M. Chrus

My commission expires: (px 30, 1960

- 3 -

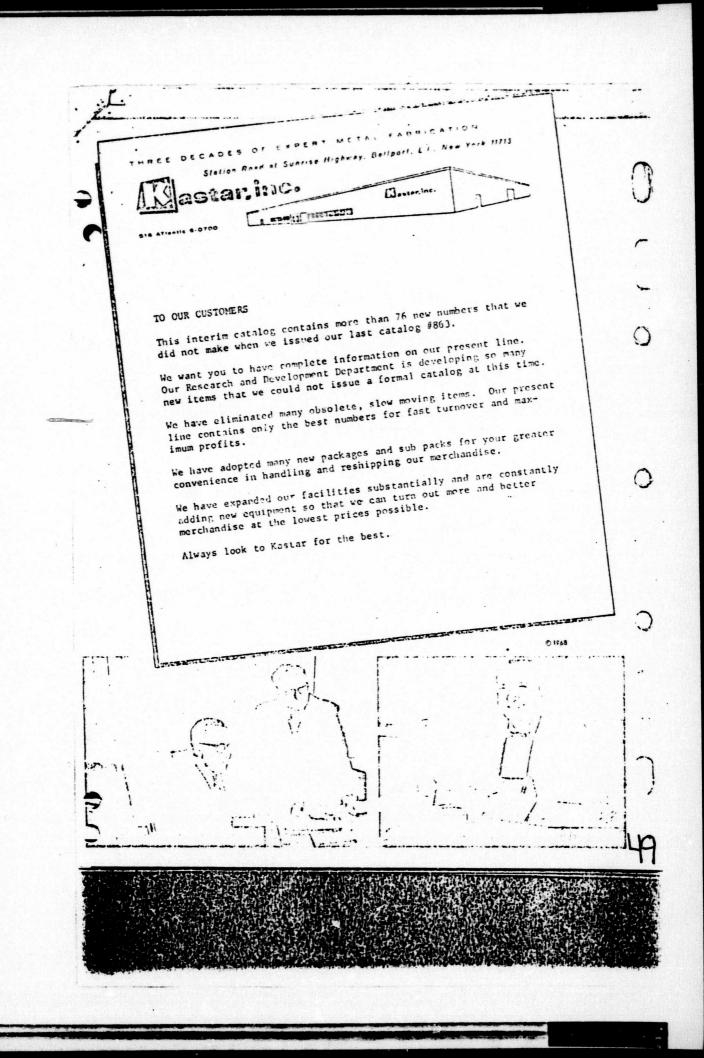
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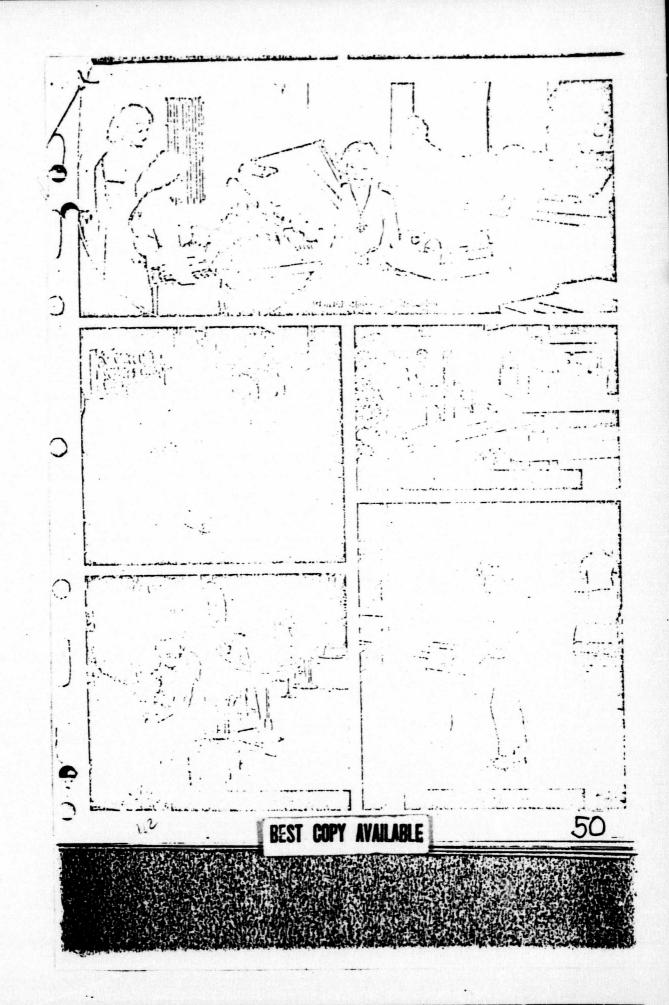
It is hereby certified that one true copy of the foregoing,
RICHARD E. ALEXANDER'S AFFIDAVIT IN SUPPORT OF DEFENDANT'S
OPPOSITION TO PLAINTIFF'S MOTION TO DISMISS DEFENDANT'S
COUNTERCLAIM INSOFAR AS IT RELATES TO ATTORNEYS' FEES,
was served upon Plaintiff by depositing said copy in the United States
mail, first class postage prepaid, and addressed to Plaintiff's counsel
of record, James E. Siegel, Esq., Lackenbach, Lilling & Siegel,
41 East 42nd Street, New York, New York, 10017, this 26th day of
February, 1976.

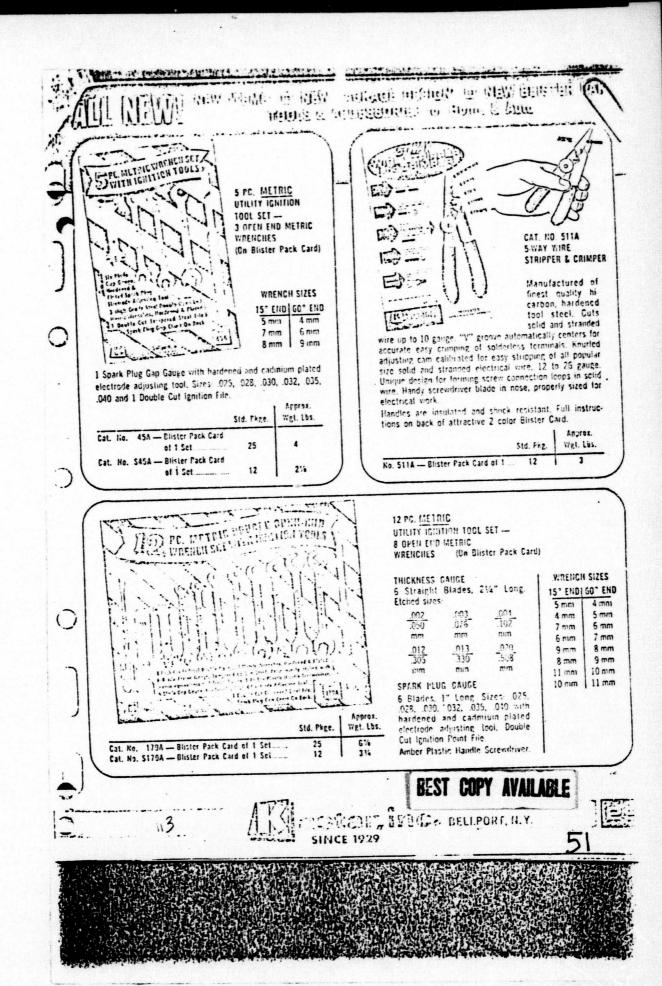
- 4 -

THE FAST MOVING
MAXIMUM PROFIT LINE OF
AUTOMOTIVE ACCESSORIES
& HAND TOOLS...WITH OVER

76 NEW ITEMS!







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LAW OFFICES OF Suckenbuch, Lilling & Singel PATENT AND TRADEMARK CAUSES 41 EAST 4240 STREET --October 14, 1975 (212) 986-7630 1616× 154 AEST BOSTON POST BOAD MAHABONECK, N Y 10543 ERCY FREEMAN (-920 -912 (914) 391-2100 RECUME 0 1073 ARMAND E LACKENBACH BURTON L LILLING JACOBI, LILLING & SIEGEL JAMES E. SIEGEL ARLINGTON VIRGINIA 22202 HENRY & MARZULLO.JR FRANK P PRESTA (HOT ADMITTED IN HT) (103) 521-3330 BARRY S MAGIDOFF New York Cityorrice MYRON GREENSPAN Richard E. Alexander Esq. 33 North Dearborn Street Chicago, Illinois 60602 Re: Kastar, Inc. v. K Mart Enterprises, Inc. Civil Action No. 74 C 1266 Dear Richard: Thank you for your hospitality during my recent trip to Chicago. I think that our discussions were fruitful and sincerely hope that we can resolve this matter. I had in my briefcase, and forgot to give you, our client's 1968 catalog No. 86 Λ , a copy of which is enclosed. To this extent, this letter is in response to John Benassi's of October 7. The client advises me that this catalog was in effect until October of 1972, when a new catalog was printed. Sincerely. LACKENBACH, LILLING & SIEGEL much Enc. JAMES E. SIEGEL JES:sgs for the firm cc: John Benassi, Esq.

A astar, inc. Station Road at Sunrise Highway . Bellport L. I. New York 11713 . Phone 516 AT-6-0700. Jell shower Puch! STRAUSS STORES COMPORATION F 8381 INV. No. C 103569 MAY 19 1700 /AP DE SHIPPED 192 3/25 r8351" 1-33 UNIT PRICE QUANTITY CAT. NO. V 540.000 CDS (1) WIRE STRIPPERS ₹75.00C 720 511A *****: • 180 #511A Received Allymone 5/21/20 DEFENDANT'S EXHIBIT WE MAIL NO STATEMENTS. PLEASE PAY THIS INVOICE. WE HEREBY CERTIFY THAT ALL GOING AND SERVICES COVERED BY THIS INVOICE WERE PRODUCED AND FURNISHED IN COMPLIANCE WITH PRODUCEMENTS OF THE FAIR LABOR STANDARDS ACT OF 1836, AS AMENDED, AND ANY REGULATIONS AND ORDERS ISSUED THEREUNGER.

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Station Road at Sunrise Highway • Bellport L. I. New York 11713 • Phone 516 AT-6-0700

STRAUSS STORES CORPORATION
53-06 GRAND AVENUE
MASPETH NEW YORK 11378
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PUNCHASE ORDER

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STATION DO. OF SUMMERSE HIWAY . BELFORT, SE YORK 11713

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January 14, 1970

TO ALL SALESHEN

Gentlemea:

Finagle, Constant reads, if anything can go wrong, it will.

Some of you may know this as Murphy's Law.

The #511 w.re stripper, which shows substantial evidence of becoming an excellent item, is a prime example of this principle in action.

Obviously, we have no choice but to have the dies changed.

The calibrating stamp is being ordered, and everything else is just about ready, but this change means that we will not be ready to deliver until approximately March 1st.

The job was given to a die maker we have worked with for quite some time and who has always been reliable, and has always delivered on time. With this job, one thing after another has gone wrong. The die was delivered today teady to go, except that for technical reasons we have to reverse the direction of the bends on the wire former and solderless terminal crimper parts of these dies. If we don't do this, it won't work, meaning

We probably feel far worse about this than anybody, but we would rather not ship defective merchandise.

Please tell any customer to whom you have sold the wire stripper about this, and about why we are delaying shipment.

Very truly yours,

KASTAR, INC.

President

BK:es

it won't cut wire.

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516 ATIANTIO 6-0700

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U unes [4] Essocomos

Castar,inc.

Hay 12, 1970

TO ALL SALESHEIT

Ger. Clemen:

Becieve it or not, we are finally able to deliver the #5111.

1 3.211

Samples are now on the way to you, and we will be shipping orders by the end of this meek, and you can now go and sell it, and know that we will deliver.

Prices are, of course, in the pricelist you now have.

this item has shown a tremendous potential, and we are sure you can sell it to almost every customer you have.

Very truly yours,

KASTAR, INC.

Bent Kaplan President

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5% : 3

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Mastar, inc.

THE PART OF THE PART IN DIESE

Station Road at Sunrise Highway . Beliport, L. I. New York 11713 . Phone 516 A1-6-0700

J.C. EEMMEY COMPANY INC. P.O. BOX 205 DALLAS TEXAS, 75221 ATT: DISBURSEMENT DEPT. 4687-0

POISCOUNT

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J.C. FEMOLY CHAPANT INC. #1308-500 THE MALL 5000 SHELBYVILLE ROAD LOUISVILLE KENTUCKY 40207 953/23979

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EARCEGE DISTRICT OF MEN YOUR

KASTAR, INC.,

Plaintiff,

-yg-

Index No.

: 75-0-1266

K MART ENTERPRISES, INC.,

Defendant.

Deposition of the plaintiff, Hactor,
Inc., by SYLVIA MATZ, taken by the defendant,
pursuant to agreement, it the offices of
Kaster, Inc., Station Head, Hellbort, Long
Island, Hew York, on Friday June 27, 1975 at
h:35 p. m., before metert E. Levy, a Stenotype
Reporter and Hebery Sublic within and for the
Elate of New York.

DOYLE REPORTING, INC CERTIFIED STEROTYPE REPORTED 132 NASSAU STREET NEW YORK, N. Y. 10038

TELEPHONE BARCLAY AGAST

Appearances:

LACKEMBACH, LILLING & SIEGEL, ESOS.,
Attorneys for plaintiff,
41 East 42nd Street,
New York, New York. 10017.

By: JAMES E. SIEGEL, ESQ., of Counsel.

RICHARD E. ALEXANDER, Ltd.
Attorney for defendant,
33 North Dearborn Street,
Chicago, Illinois, 60602.

and between the attorneys for the respective parties herein, that the sealing, filing and certification of the within deposition be waived; that such deposition may be signed and sworn to by the witness being examined, before any officer authorized to administer an oath, with the same force and effect as if signed and sworn to before a Justice of the Court.

IT IS FURTHER STIPULATED AND AGREED that all objections, except as to form are reserved to the time of trial.

SYLVIA EATZ, called as a mitness,

having been first duly sworn by the Hotary

Public, was examined and testified as follows:

EXAMINATION BY MR. ALEXANDER:

Mrs. Katz, would you describe your position for us with the company?

A Office manager.

Q Of Kastar?

A Yes.

Q How long have you been officer managem?

A Thirteen years.

Q What are your duties as officer manager?

A I keep the books and manage the office.

Q You know where all the files are?

A Yes.

Q Procedure?

A Yes.

Exhibit 22-A, B, C, D and E. Can you tell us what those are and reconstruct that for us. You might want to start at the back and work forwards. I think it makes for logic out of it.

A This order was received April 6, 1970 from Strauss Stores. Actually it is a confirmation of an

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order we received a weak 20th. The first for was received April 5th.

Q The order would have been by telephone?

A Probably.

is marked 22-D was written by someone in the office receiving a telephone call from Strauss.

A 1 received this. 1 wrote this. The phone, then the confirmation came in April 6th.

The order was recoived here the 25th and it was typed the 25th.

Q Of March?

A Of March.

Q 1970?

A 1970.

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. 7.

Q That one is not back order?

A HO.

Q It was actually fulfilled and shipped?

A May 19th.

·Q 1970?

A Right.

Q Now, what or how, if you know, would Strauss.

Stores be able to know that they could order a 511-A?

Would they have a price list?

nations those up to the and of the year. The blue is the order received; the green is the total; and every month is added to the previous month.

- O Up until May 1970 you have received 2,503 orders with regard to the 511-A?
- A 2503 pieces. Not orders. Pieces.
  - ( Orders for that many pieces of 511-A?
- A Yes.
  - Q That 1064 is from J. C. Penney?
- U A Light.

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13

11:

12

i :

- Q Do you have a similar book that would indicate how much was actually shipped during any particular period?
- I. A No.
- I notice in the right hand column there
  is a 511 in 1970?
- is A Yes.
  - Q 1971?
- 20 A Right.
- 21 0 I would like to have you identify these for 22 me also. This is Defendant's Exhibit No. 27 which 23 is a Kastar --
- 24 A Office copy of the bill --

IR. SIEGEL: . e are talking about many

May 1, 1969.

Mr. Harry Epotein Kastar, Inc.

Dear Harry

Acknowledging receipt of three sheets of drawings for a new combination tool embodying a screwdriver, wire stripper, wire cutter, wire loop former and crimping tool. We are commencing a patentability investigation on this subject matter and, upon completion of our investigation, we will render our report. interim, I remain,

Yours very truly,

EAL/mf

ELLIOT A. LACKENBACH

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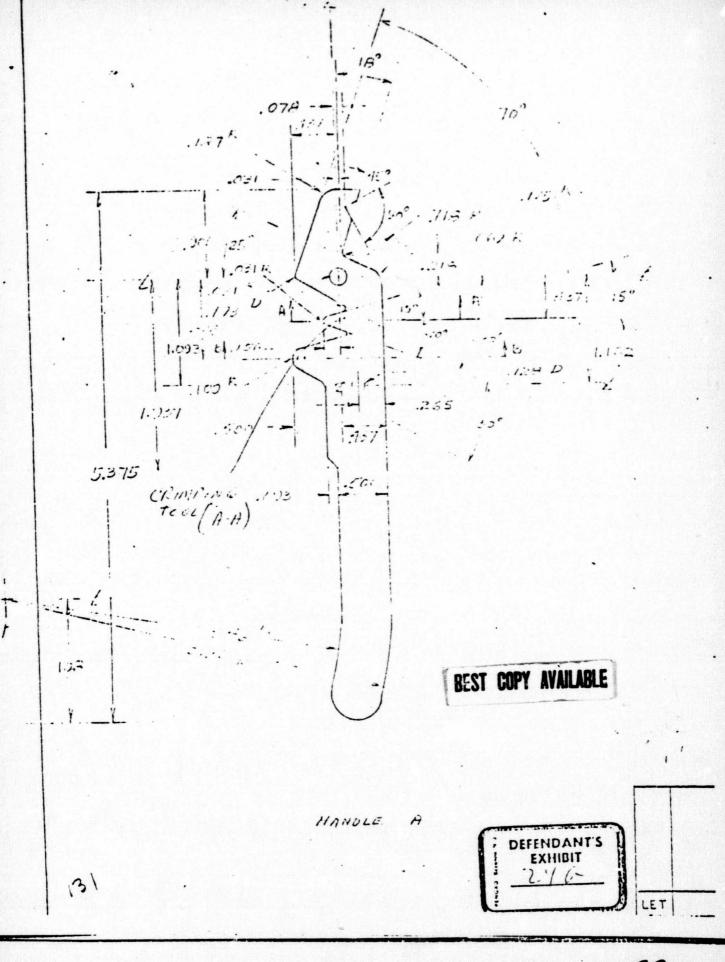
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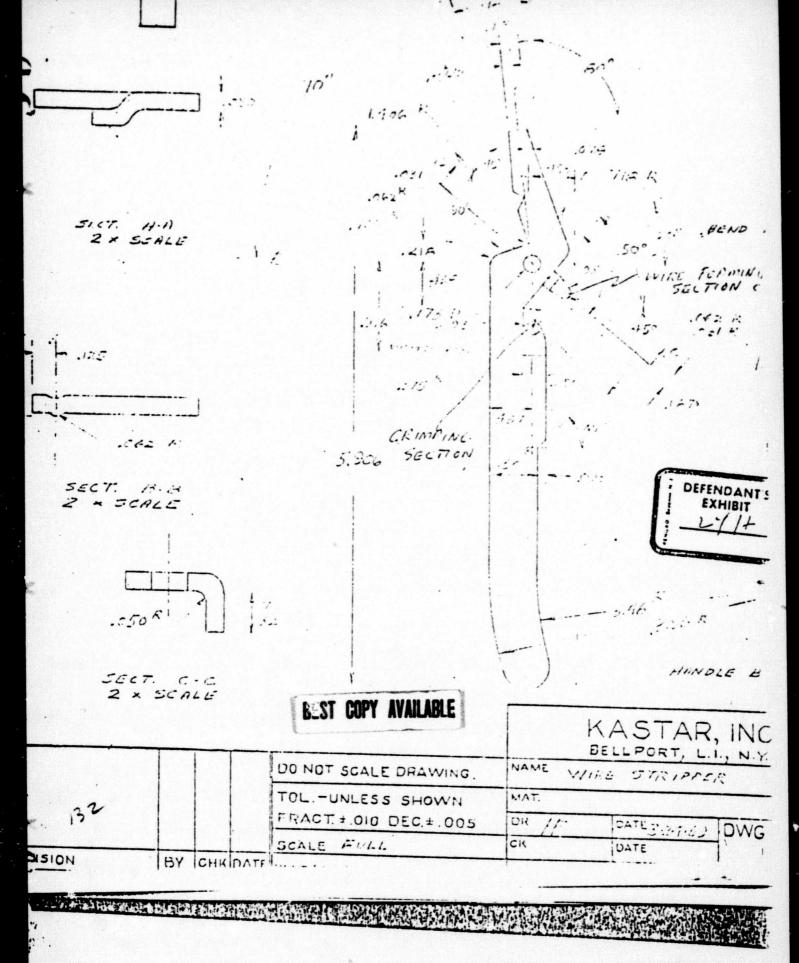
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UNITED STATES DISTRICT COURT

U.S.D.J.

EASTERN DISTRICT OF NEW YORK KAYSTAR, INC., Civil A:tion No. 74 C 1266 Plaintiff, SUBSTITUTION OF -against-ATTORNEYS K MART ENTERPRISES, INC., Defendant. IT IS STIPULATED that Cowan, Liebowitz & Latman, P.C., 200 East 42nd Street, New York, New York 10017 be and they hereby are substituted in the place and stead of Thomas M. Marshall, Esq., as attorney for the defendant K MART ENTERPRISES, INC., in the above entitled action. Dated: New York, N. Y. January 7, 1975 COWAN, LIEBOWITZ & LATMAN, P.C. A Member of the Firm K MART ENTERPRISES, INC. SO ORDERED:

STATE OF MICHIGAN )
)ss.:
COUNTY OF OAKLAND )

On this / Liday of January, 1975 before me personally came ANTHONY PALIZZI, to me known, who, being by me duly sworn, did depose and say that he resides at 3100 W. Big Beaver Road, Troy, Michigan 48084, that he is the Assistant Secretary of K MART ENTERPRISES, INC., the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation and that he signed his name thereto by like order.

Notary Public

MOTARY PUBLIC, DAKLAND COUNTY STATE OF MICHIGAN

My Commission Expires June 19, 1978

16. LAW OFFE ES OF Tilling & Siegel Lackenbuch, NEW YORK PATENT AND TRADEMARK CAUSES ABLE ADDRESSES BROYWAN MILTRU 41 EAST 4249 STREET CHEN MAMARONECH NEW YORK, N Y 10017 BURTJIM VA (2:2) 986-7630 March 8, 1976 TELEX 154 WEST BOSTON POST ROAD 236161 MAMAPONECK, N Y 10543 (914) 381-2100 Y FREEMAN (1920-1972) VIRGINIA NO E. LACKENBACH JACOBI, LILLING & SIEGEL ON L. LILLING 1755 SOUTH JEFFERSON DAVIS HIGHWAY S E. SIEGEL ARLINGTON, VIRGINIA 22202 (103) 521-3330 R P. PRESTA (NOT ADMITTED IN N T) Y G. Mª SIDOFF PLEASE REPLY TO OUR N GREENSPAN New York Cityorrice The Honorable Orrin G. Judd Judge of the United States District Court or the Eastern District of New York 225 Cadman Plaza Brooklyn, N.Y. 11201 Kastar, Inc. v. K Mart Enterprises, Inc. Civil Action No. 74 C 1266 Dear Judge Judd: Pursuant to the Court's request at the oral hearing on Friday, February 20, 1976, we are submitting affidavits of Armand E. Lackenbach and Mr. Bertram Kaplan. Mr. Lackenbach was a member of the firm of lackenbach and Lackenbach when the application for the patent in suit was prepared and filed. Mr. Kaplan is the president of the plaintiff, Kastar, Inc. The Court's attention is first respectfully drawn to the affidavit of Richard E. Alexander, Esq., counsel for the defendant, K Mart in opposition to the plaintiff's Motion to voluntarily dismiss Count I of the complaint and the defendant's Counterclaim. The defendant does not oppose the plaintiff's Motion except insofar as that Motion relates to the question or issue of attorneys' fees. The plaintiff respectfully submits, further, that the defendant has consented to the plaintiff's Motion, and it is accordingly requested that plaintiff's Motion to voluntarily dismiss Count I of the complaint in this action and the defendant's Counterclaim should be granted. This fully comports with Rule 41 of the Federal Rules of Civil Procedure. The Court's attention is next drawn to the plaintiff's memorandum of law in support of its Motion to dismiss, more particularly, to the cases the plaintiff relies upon in support of its position. Copies of these cases are annexed to this letter. The language of the Court of Appeals for this Circuit in Larchmont Engineering, Inc., v. Toggenburg Ski Center, Inc., 444 F. 2d 490 (2d Cir. 1971) (contd.)

is believed particularly appropriate. Specifically, in Larchmont, there were two patent infringement suits, and the defendants' appealed from so much of the order of the District Court as denied them an award of costs and attorney fees without hearing or taking evidence. The District Court granted Larchmont's motion for a voluntary dismissal with prejudice. The Second Circuit Court of Appeals, in Larchmont in 1971, held:

Defendants' assertion of valid misuse defenses does not establish that the suit was brought in bad faith, nor would proof of such defenses at trial necessarily entitle them to an award of counsel fees. After pretrial discovery revealed the weaknesses of its claims, Larchmont may well have decided in good faith to minimize litigation expense by foregoing its claims and by taking a voluntary dismissal. Such a move should not be discouraged by the threat of imposing attorney fees. The question is peculiarly one within the discretion of the Nisi Prius judge who in this case was more familiar than we are with the claims and with the likelihood of defendants' establishing bad faith. He should not be straitjacketed by a ruling that would have the effect of mandating a hearing.

Plaintiff respectfully contends further, that it is the rule in the Second Circuit that a plaintiff may in good faith attempt to minimize litigation expenses by foregoing its claims, and by taking a voluntary dismissal. This is what the plaintiff, Kastar, has done in this case, and this move should not be discouraged by a threat of imposing attorney fees. The question is peculiarly one within the discretion of this Court.

To the extent the question is within the discretion of this Court, its attention is now respectfully drawn to the Patent Statute, more particularly, 35 U.S.C. 285 which provides:

The Court in exceptional cases may award reasonable attorney fees to the prevailing party.

The plaintiff first wishes to mention that the defendant, here, is not a "prevailing" party. In Larchmont, again, the Court alluded to the fact that defendants do not object to the dismissal, but contended they should be awarded counsel fees as well as compensatory and punitive damages, and that the Court should hold a hearing to permit them to present evidence developed through discovery, which would bear on the question of bad faith. The defendants there relied upon 35 U.S.C. 285, supra, but after hearing the parties, the District Court Judge granted Larchmont's Motion to dismiss with prejudice, but without cost to either party. The District Court found an insufficient showing of bad faith, after an extensive pretrial discovery, to warrant holding the requested hearing. The Court of Appeals found no abuse, and said that to have ruled otherwise would have been extraordinary. More specifically, the Court of Appeals stated:

The statutory provision for awarding attorney fees in patent cases is normally invoked only at the end of litigation,

citing cases, and further holding:

The legislative history of Section 285 indicates that Congress intended, even after trial, that it be used sparingly, (citing cases), since it represents a departure from the usual rule that counsel fees are not awardable to the prevailing party in an action at law, (citing a libel case), and the broad policy against allowing costs to be erected as an undue barrier to litigation.

The dismissal of the plaintiff's case with prejudice will give the defendan: the basic relief for which it has asked. Not only will it achieve final determination of the controversy in its favor, but also freedom from the possibility of further suits by the plaintiff on the same cause of action, A.B. Dick Co., v. Marr, 197 F. 2d 498 (2d Cir. 1952). Indeed as the Court there stated:

The dismissal gave the defendant all the relief, and the only relief, to which he would be entitled had his allegation of fraud been sustained, and the court below, instead of finding as it did, had found that the

plaintiff had been guilty of perpetrating a fraud upon the courts and in consequence had ruled that the plaintiff had come into court with unclean hands. Precision etc. Co. v. Automotive etc. Co., 1945 324 U.S. 806, 65 S.Ct. 993, 89 L.Ed. 1381. Thus, even if the case were not moot, we would not be able to see how the appellant could possibly qualify as a party aggrieved for all he has failed to recover under the orders appealed from are the ordinary costs he asked for in his answer, and it is fundamental that no appeal lies from a mere denial of ordinary See the leading case costs. of Newton v. Consolidated Gas Co., 1924, 265 U.S. 78, 44 S.Ct. 481, 68 L.Ed. 909. Id. at 502

The plaintiff urges the position before the Court that a very strong element of bad faith must subsist, or that there must have been some vexatious knowledge on the part of one of the parties to an action of patent infringement before the case will fall within the category of being "exceptional" as that term is construed and interpreted under 35 U.S.C. 285, supra. In Timely Products Corporation, et al. v. Arron, et al., Judge Conner found that Arron was guilty of unclean hands of sufficient magnitude to warrant a holding of invalidity; Arron, in submitting an affidavit to the Patent Office having failed to rell the Patent Office that the "other" person referred to in his affidavit was in fact his former business partner. Arron's former business partner was the inventor of the patent beyond whose application filing date Arron had to swear in order to overcome his former business partner's patent as prior art. Judge Conner relied upon Kahn v. Dynamics Corp. of America, 508 F. 2d 939, 945, 184 USPQ 260, 264 (2d Cir 1974), in holding:

Judge Murphy exercised his discretion to deny attorney's fees for the stated reason that "the entire lawsuit on both sides was frivolous and vindictive." We have differed with his conclusions to the extent of ruling that Arron breached his obligation of confidentiality and that he was guilty of fraud in the prosection of his application for the '264 patent. Although his ruling that Arron was guilty of

(contd.)

unclean hands rendered the case
"exceptional" and provided a basis
for the discretionary allowance of
attorney's fees under 35 U.S.C.
285, (citing Kahn, supra), our
present ruling of fraud provides
an even stronger basis therefor.
We therefore remand the case to
the District Court for reconsideration of the denial or attorney's fees,
so that the Court may exercise its
discretion with due regard to the
changed circumstances.

# In Kahn, supra, the Court held:

Fraud on the Patent Office would certainly be enough to make a case exceptional, "[b]ut conduct short of fraud and in excess of simple negligence is also an adequate foundation for deciding that a patent action is exceptional." Monolith Portland Midwest Co. v. Kaiser Aluminum and Chemical Corp., 407 F. 2d 288, 294 (9th Cir. 1969). The trial court's findings that plaintiff was dilatory, that he had misled the Patent Office, and that he had failed or refused to meet the specific reasoning and arguments of DCA concerning the infringement issue were more than ample to support a finding of conduct "in excess of simple negligence" and a determination of bad faith on the part of plaintiff in commencing and litigating this suit. We agree with the trial judge that such negligence and bad faith are sufficient to justify classifying the case as exceptional and awarding attorneys fees to the defendant. We find no errors in the trial court's determinations and no abuse of discretion in its award. Id. at 945.

In conclusion, the plaintiff respectfully submits defendant is entitled to attorneys' fees, defendant having achieved the basic relief for which it asked, that is, not only final determination of the controversy in its favor, but also freedom from the possibility of further suit by the plaintiff on the same cause of the controversy. The defendant's assertions do not establish

that the suit was brought in bad faith. For this reason alone, the case is not "exceptional" under 35 U.S.C. 285. Indeed, proof of defendant's defenses at a trial would not even then necessarily entitle it to an award of counsel fees, Larchmont Engineering, supra. Furthermore, 35 U.S.C. 285 requires that, provided the case be an "exceptional" one, attorney fees shall only be awarded to the prevailing party. The defendant there is not the prevailing party, and, as Larchmont Engineering held, "The Statutory provision for awarding attorney fees in patent cases is normally invoked only at the end of litigation", 444 F. 2d at 491. Defendant not being the prevailing party, there not having been an "end" to this litigation in the traditional sense, and defendant not having established and indeed there being no showing of bad faith, plaintiff should be entitled to take a voluntary dismissal and should not be dit uraged by the threat of the imposition of attorney fees, Larchmont Engineering, supra.

The Court's indulgence in enabling plaintiff the opportunity to submit this discussion is appreciated. Copies of the decisions discussed are annexed for the Court's convenience.

Respectfully submitted,

LACKENBACH, LILLING & SIEGEL

By

JAMES E. SIEGEL

for the firm

JES/slc

Encls.
cc: Carol F. Simkin, Esq. 
Richard E. Alexander, Ltd.

#### IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF NEW YORK

KASTAR, INC.,

Plaintiff,

Civil Action No. 74 C. 1266

Hon. Judge Orrin G. Judd

K MART ENTERPRISES, INC.,

Defendant.

#### AFFIDAVIT OF BERTRAM FAPLAN

State of New York )
) s.s.:
County of Suffolk )

- 1. I am the president of " plaintiff, Kastar, Inc. and am fully familiar with the facts and commstances relating to the filing of U. S. Patent Application No. 145,345, which ripened into the patent in suit.
- 2. Mr. Harry E. Sein, an employee of Fastar, Inc. had an idea for a combination electrician's tool and made some drawings thereof. These were forwarded to our patent counsel, Lackenbach & ackenbach in the latter part of April, 1969.
- Kastar, Inc. then ordered its patent attorneys to conduct a preliminary novelty search.

- 4. Kastar, Inc. received a letter from Lackenbach 6
  Lackenbach dated May 15, 1969 reporting the results of the
  search and indicating that patent protection could be applied
  for.
- 5. While Kastar, Inc. had drawings for a tool in 1969, these drawings were for a tool that had not yet been reduced to practice. The tool illustrated in these drawings is different from the tool of the patent in suit.
- 6. The sample or prototype tools initially produced could not be sold as operable tools and changes to the dies had to be made. The changes were completed by March 4, 1970. All tools made by plaintiff prior to that date were deffective and inoperable since they could not serve their intended function, namely totally severing wire, but would instead leave several strands of wire uncut.
- 7. The tool of the invention was only made operable and commercially marketable after, in addition to modifying the dies, other apparatus were modified, the new tools were made, and tested to verify that they were operable and commercially marketable. According to my patent attorneys, Lackenbach, Lilling & Siegel, Kastar, Inc. could not effectively and legally offer the tool for sale until all of the foregoing steps had been completed. This is based on the basic principle that an invention cannot be offered for sale until it is completed, which requires not merely its conception but its reduction to practice. No offers for sale were made by Kastar, Inc. more than one year prior to the filing of Application Serial No. 145,345, namely before May 20, 1970.

- 8. I will now direct myself specifically to a series of documents relied upon by defendant for establishing plaintiff's offer for sale more than one year prior to the filing of Application Serial No. 145,345. These documents are attached to RICHARD E. ALEXANDER'S AFFIDAVIT IN SUPPORT OF DEFENDANT'S OPPOSITION TO PLAINTIFF'S MOTION TO DISMISS DEFENDANT'S COUNTERCLAIM INSOFAR AS IT RELATES TO ATTORNEYS FEES. I will refer to these documents by the same exhibit numbers as defendant in the above affidavit.
  - (a) Documents DX C and DX D refer to a Kastar catalog which allegedly shows the wire stripper and crimper, subject of the pacent in suit. In point of fact, this is our catalog #368A which Kastar, Inc. did not receive until October of 1970. The illustration of a combination electrician's tool appearing in this catalog is, like the drawings of paragraph 5 above, an illustration of a tool that had not yet been reduced to practice. Therefore, it is an illustration of a tool that is different from the tool of the patent in suit. Moreover, as already stated, this catalog was received by Kastar in October of 1970, long after the critical one year period began to run on May 20 of that year. Therefore Document DX C is not a 1968 catalog illustrating our #511A wire stripper and crimper subject of the patent in suit. It is a 1970 catalog. The 1968 catalog is the \$868, predecessor to the \$868A. Kastar received the #868 predecessor catalog in August of that year. The tool illustrated in that catalog is completely different from the combination electrician's

hereto and identified as Exhibit A to this Affidavit is a copy of our #868 predecessor catalog. I am informed by my counsel, Lackenbach, Lilling & Siegel, that when the catalog #868A was given to counsel for K Mart, my counsel also informed Mr. Alexander that the date of first publication of this catalog was, in fact, October 8, 1970. This information does not, however, appear in the Affidavit of Richard E. Alexander in support of the defendant's opposition to the plaintiff's motion presently pending before this Court only in so far as that motion relates to attorneys' fees.

(b) Document DX F is a copy of an invoice indicating that 720 of Kastar's #511A combination electrician's tools, subject of the patent in suit, were forwarded to Strauss Stores Corp. in Maspeth, New York on May 19, 1970, one year and one day prior to the filing of Application No. 145,345. The tools of this invoice were back ordered to march 26, 1970. For the reasons given in paragraph 7 above, the tool of the invention of the patent in suit was not completed and reduced to practice on March 26, 1970. Therefore, no offer for sale or sale of the tool of the invention of the patent in suit could have been made on that date. The same is true of the tools forwarded to Strauss Stores on May 19, 1970. This shipment was not a shipment in fulfillment of a prior obligation based on any previous offer accepted by Strauss Stores Corp., but such shipment was merely an act of forwarding the tools to Strauss Stores which only ripened into an offer for sale which could be accepted by Strauss Stores upon receipt. Receipt

of the 720 units by Strauss Stores Corp. of the combination electrician's tool was subsequent to May 20, 1970 or within the one year grace period for filing an application for a United States Patent.

The very document itself indicates that the shipment was received on May 21, 1970, although Strauss Stores has indicated it had received this shipment on May 25, 1970.

- (c) Document DX S which comprises testimony of Mrs. Katz, Office Manager of Kastar, Inc., only relates to activity with respect to Strauss Stores at a time prior to completion and reduction to practice of the invention of the patent in suit. Accordingly, such activity could not constitute an offer for sale. by Kastar, Inc., but such offer was made upon receipt of the tools forwarded May 19, 1970, as discussed above.
- (d) Document DX G is an order by Strauss Stores for the combination electrician's tool of the patent in suit. Contrary to the Alexander affidavit, the date of the order is March 25, 1970, and I annex hereto and identify as Exhibit B my own copy of this order. For reasons given above, this could not have been an order based upon a 1968 catalog #868. For additional reasons given above, any orders given in March of 1970 were orders placed at a time prior to the completion and reduction to practice of the combination electrician's tool of the patent in suit. All such activity at this time, whether, it be on the part of Kastar, Inc. or on the part of its customers, could only be construed as

invitations for offers, since offers for sale, as contemplated by the patent laws of the United States could not have been made until such time as reduction to practice of a commercially marketable tool was completed.

- (e) Document DX H confir s plaintiff's contention that plaintiff's tools had not been completed and reduced to practice when the activity with respect to these tools referred to in this letter took place. In this letter, I indicated to our salesmen that the tools which had initially been made were inoperable and that the tools did not cut wire, this being one of their primary functions. For the reasons given above, the invention of the patent in suit was not completed and reduced to practice, not even on March 1, 1970, and not even later in that month when Strauss Stores attempted to order our new combination electrician's tool from us. The invention of the patent in suit was not completed and reduced to practice until much later, and the first offers for sale were not completed and made until after May 20, 1970, which is the date on which the one year grace period began to run, for the reasons also given in previous paragraphs of this Affidavit.
- (f) Document DX I is a letter to my salesmen informing them that the #511A tool would soon be ready for shipment. I indicated to them that the samples will

shortly be available to them and shipments of orders would take place by the end of that week. In point of fact, I was somewhat optimistic in my letter of May 12, 1970 and Kastar was not able to ship samples of the #511A combination electrician's tool of the patent in suit to its salesmen until May 21, 1970. As also indicated above, and for the reasons there given, the #511A combination electrician's tool of the patent in suit was forwarded to Strauss Stores only on May 19, 1970, but no offer to Strauss Stores was made until the completely reduced to practice #511A tool was received by them after the one year grace period began to run on May 20 of that year.

(g) Documents DX J and DX K are attempts by J. C. Penny Company, Inc. dated November 24, 1969 and February 6, 1970 respectively, to order Kastar's new \$511A combination electrician's tool. I again point out, as in (d) above, that any such attempts by customers of Kastar, Inc. were received at a time prior to the completion and reduction to practice of this tool. These attempts, then, could not possibly constitute offers for sale, for all of the reasons I have already given. The same is true of the activities of Kastar, Inc. at this time. I am constrained to repeat that the #511A combination electrician's tool of the patent in suit was not completed and reduced to practice at this time, and that no offer for sale was made and completed until a completely reduced to practice combination electrician's tool was received which, for the reasons also given above,

did not occur until after May 20, 1970, the date on which the one year grace period began to run.

(h) Document DX U consists of defendant's deposition documents 24 E, F, G and H. The documents 24 F, G and H are the drawings I refer to in the second paragraph of this Affidavit which, as I later stated in paragraph 5 of this Affidavit, are drawings for a tool that had not been completed and reduced to practice. These drawings are for a tool different from the combination electrician's tool illustrated in the patent in suit. Moreover, for the reasons given in paragraphs 6 and 7 of this Affidavit, the tool illustrated in these drawings did not work, and modifications had to be made to the dies and other apparatus for making the tool, the new tools then had to be made, and thereafter had to be tested to verify they were operable and commercially marketable. Accordingly, the drawings have no bearing whatsoever to the bar under the U. S. Patent Statute that an application for a United States Patent must be filed within one year of first public use or sale or offer for sale of the patented invention. These drawings were forwarded to our patent attorneys solely for the purposes of investigating the patentability of a possible tool and were not used to solicit sales of the invention that was later made, completed and reduced to practice.

9. In view of Kastar's difficulties in completing and reducing to practice the present invention, as evidenced by my letter to my salesmen dated January 14, 1970 (DX H to the

Alexander Affidavit), we could not file a patent application because the tool did not operate. This was particularly true since solutions which were developed for overcoming the existing problems were required to be disclosed in any such patent application. Therefore, it was not only thought best, but deemed necessary to hold up the filing of the patent application until such time that the combination electrician's tool was fully and totally completed and reduced to practice and the manufactured samples were operable and performed their intended functions.

I was advised by my counsel, Lackenbach, Lilling & Siegel that there was an issue of prior public use or sale involved in this matter and that, therefore, if the Court found there was a prior sale or offer for sale, the patent in suit would be held invalid. After considering the facts with my counsel, however, and for the reasons given above, I believed then and still believe that the patent in suit is valid. The issue of prior sale or offer for sale, however, remains and, after discussing the matter with my counsel on numerous occasions, I have decided in good faith to minimize litigation expenses and foregoing Kastar's claim for patent infringement and taking a voluntary dismissal. Kastar did not bring this action in bad faith, and I do not believe this motion on the part of Kastar, which includes dedicating its patent to the public, should be discouraged by the threat of imposing attornays' fees. I can unequivocably state to this Court that Kastar acted in good faith when it commenced this action. I am aware that the question of attorneys' fees is within the discretion of the Court. I believe the Court should exercise its discretion by granting Kastar's motion, and, in view of Kastar's good faith,

and in view of its desire to minimize litigation expenses, deny any request on the part of defendant for attorneys' fees.

BERTRAM KAPLAN

Sworn to and subscribed before me this 3th day of flaut, 1976.

Notary

SYLVIA KATZ
Motory Public. State of New York
tta. 52-00/0055
Coal fired in State New York
Commission Expires March 30, 1977

#### IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF NEW YORK

KASTAR, INC.,

Plaintiff,

: Civil Action No. 74 C 1266

K MART ENTERPRISES, INC., : Judge Orrin G. Judd

Defendant.

AFFIDAVIT OF ARMAND E. LACKENBACH, ESQ.

State of New Park County of BROWARD.

ARMAND E. LACKENBACH, ESQ., being duly sworn deposes and says that:

- 1. I am an attorney admitted to the Bar of the United States Supreme Court, the Bar of the State of New York, and to the Bars of other federal courts.
- 2. I have been a practicing attorney since 1929 and have specialized in patent law and related matters.
- 3. I am presently a partner of the firm of Lackenbach, Lilling & Siegel, counsel for Kastar, Inc. in the above-captioned matter.
- 4. U. S. Letters Patent No. 3,733,627, the patent of the present suit, issued on Application Serial No. 145,345 which was filed on May 20, 1971.

5. In and around the time of the filing of Application Serial No. 145,345, I was a partner of the firm of Lackenbach Lackenbach, located at 40 Exchange Place, New York, New York, being in partnership with my son, Elliot A. Lackenbach.

- 6. While Elliotf A. Lackenbach handled all matters relating to the initial patentability investigation, preparation and filing of said above patent application, I was generally familiar with said matters and took an interest in the same since the plaintiff, Kastar, Inc., has been a client of mine in excess of 30 years.
- 7. On about May 1, 1969, a patentability search was conducted and reported on May 15, 1969 on the Electrician's Combination Tool which formed the invention described and protected by U. S. Patent No. 3,733,627.
- 8. On April 9, 1971, a copy of the application for the said Electrician's Combination Tool was forwarded to plaintiff for review and execution.
- 9. The application was executed on May 13, 1971 by the inventor, Harry Epstein. However, due to the time required for mailing, the application was not filed in the U. S. Patent Office until May 20, 1971.
- 10. To the best of my recollection, the reason for the delay in filing, approximately two years after the patentability investigation, was that plaintiff had not yet reduced to practice the tool of the invention of the patent in suit and had great difficulty in manufacturing a commercial embodiment thereof.

- 11. Based on plaintiff's difficulties in reducing the invention to practice, Elliot A. Lackenbach and myself concluded that the invention was still in an experimental stage and could not, therefore, be legally offered for sale as that term is used and understood under the U. S. Patent Laws.

  Timely Products Corp. v. Arron, 187 U.S.P.Q. 257 (2 Cir. 1975).
- 12. To the best of my knowledge neither Elliot A.

  Lackenbach, myself nor anyone at the plaintiff, Kastar, Inc.

  was of the understanding, as is the defendant in this case,

  that plaintiff's activities with respect to its customers at

  a time prior to reduction to practice of the invention could

  be construed as an offer of the invention for sale.
- 13. Based on the understanding of everyone associated with the filing of the application of the patent in suit, including myself, the present invention was reduced to practice on May 19, 1970 and offers for sale were made by Kastar, Inc. subsequent to that date by shipments to customers of operable tools which were received by the said customers after May 20, 1970 or less than one year prior to the filing of the application of the patent in suit.
- 14. Until plaintiff reduced the invention to practice, its activities with relation to its customers could only constitute requests or invitations for offers. Accordingly, offers were first made by Kastar, Inc. by making shipments on May 19 and 20, 1970 and these shipments did not ripen into offers for sale until received by the recipients subsequent to May 20, 1971.
- 15. For the above reasons, I believe that Application Serial No. 145,345 which ripened into U. S. Patent No. 3,733,627 was timely filed under the U.S. Patent Laws and is not barred by any prior use, sale or offer for sale for more than one

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year prior to the filing date thereof of May 20, 1971.

16. Under the circumstances existing at the time of filing Application Serial No. 145,345, as outlined above, there was no compelling reason to investigate the various orders now relied upon by the defendant, since such orders were taken at a time when the tool of the invention was totally inoperable, not reduced to practice and, therefore, not subject to a legal offer for sale under the U. S. Patent Laws. See Timely Products Corp. v. Arron, supra.

ARMAND E. LACKENBACH, ESQ.

Sworn to and subscribed before me this 12 day of March, 1976.

NOTATY NUMBER STATE OF PLOTING AT LARGE NY COMMISSION EXPIRES AUGUST 14, 1978 NOTATY

Richard N. Anow

### CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Affidavit of Armand E. Lackenbach, Esq. and Bertram Kaplan was served upon counsel for the defendant, K Mart Enterprises, Inc., by hand-delivering same to Ms. Carol Faye Simkin and Messrs. Cowan, Liebowitz & Latman, P.C. at their offices at 200 East 42nd Street, New York, New York 10017 this 8th day of March, 1976.

JAMES E. SIEGEL, ESO.

RECEIVEDAPR 1 9 1976 Sackenbach, L'lling & Siegel NEW YORK PATENT AND TRADEMARK CAUSES BURTJIM NEWYORK 41 EAST 4240 STREET AELACKEN MAMARONECK NEW YORK, N.Y. 10017 BURTJIM VA (212) 986-7630 TELEX 154 WEST BOSTON POST ROAD 23616 MAMARONECK, N.Y. 10543 (914) 381-2100 ERCY FREEMAN (1920-1972) VIRGINIA RMAND E. LACKENBACH JACOBI, LILLING & SIEGEL URTON L LILLING 1755 SOUTH JEFFERSON DAVIS HIGHWAY AMES E. SIEGEL April 16, 1976 ARLINGTON, VIRGINIA 22202 ENRY A. MARZULLO, JR. (103) 521-3330 MANK P. PRESTA (NOT ADMITTED IN N Y) ARRY G. MAGIDOFF PLEASE REPLY TO OUR YRON GREENSPAN New York City office The Honorable Orrin G. Judd Judge of the United States District Court for the Eastern District of New York 225 Cadman Plaza Brooklyn, New York 11201 Re.: Kastar, Inc. v. K Mart Enterprises, Inc. Civil Action No. 74 C 1266 Dear Judge Judd: This letter is to bring to the attention of Your Honor a recent Fifth Circuit Court of Appeals decision which has significant relevance to the pending motion in this case. The case in point is Becton, Dickinson & Co. v. Sherwood Medical Industries, Inc., 516 F.2d 514 (5th Cir. 1975). In this case, the Court defined the guidelines with respect to the type of conduct before the Patent Office which would support a finding of such extraordinary circumstances as would warrant an award of attorney's fees under 35 U.S.C. 285. These guidelines or standard of conduct is not as harsh and significantly more reasonable than the standard set forth in Monolith Portland Midwest Co. v. Kaiser Aluminum & Chemical Corp., 407 F.2d 288, where the Court held that a failure to disclose almost any prior art which may bear on patentability was sufficient to make the case an "exceptional" one under 35 U.S.C. 285. Now, the U. S. District Court for Northern Georgia, citing the Becton, Dickinson Fifth Circuit Decision, sets aside its prior ruling (185 USPQ 497) that conduct short of fraud on the Patent Office will support an award of attorney's fees under 35 U.S.C. 285. W. F. Altenpohl, Inc. v. Gainesville Machine Co., Inc. (Copy of Decision enclosed). In its earlier decision, the Court had relied on the Monolith decision. In view of Becton, Dickinson, however, the previous award of attorney's fees was set aside. In the Altenpohl case, Judge O'Kelly interprets the Becton, Dickinson case as holding that "there must be a showing of a known, deliberate or conscious misstatement to the Patent Office to support a finding of such extraordinary circumstances as would support an award of attorney's fees under 35 U.S.C. 285."

The Honorable Orrin G. Judd - 2 -April 16, 1976 It is believed that the more reasonable, fair or just rule is that announced in Becton, Dickinson. A case should not be found to be "exceptional" unless it is determined that unlawful acts were done knowingly, deliberately or consciously. For this reason, in the instant case, plaintiff's acts do not fall anywhere within the prohibited area. As discussed in the plaintiff's papers supporting the pending motion, there were no sales or offers for sale prior to the critical date of May 20, 1970. However, and only for the sake of argument, even if defendant's position is upheld that plaintiff's activities did constitute sales or offers for sale, plaintiff did not construe such to be the case at the time of filing the patent application on which the patent in suit was issued, particularly in view of the numerous manufacturing problems described in the Affidavit of Bertram Kaplan. Plaintiff's dedication of the patent in suit on the remote possibility that the plaintiff's prefiling activities did constitute sales or offers for sale is a further indication of plaintiff's good faith and willingness to minimize damages to all parties in this litigation. The Affidavits of Armand E. Lackenbach, Esq. and Bertram Kaplan certainly indicate that plaintiff's acts, if wrongful, were certainly not of the prohibited type wherein there is a known, deliberate or conscious attempt to mislead the Patent Office. Very truly yours, LACKENBACH, LILLING & SIEGEL M. GREENSPAN Myron Greenspan for the firm MG: yu Enc. cc: Carol F. Simkin, Esq. Richard E. Alexander, Esq. /

THE WILLIAM WILLIAM 2-17-7FFB 1 9 1975 BEN H. CARTER, CLERK DEFUTY CLERK THE THE UNITED STATES DISTRICT COURT FOR THE HOLTHER! DISTRICT OF GEORGIA CALLESVILLE DIVISION W. F. ALTERPORL, INC. CIVIL NO. 1397 GAINESVILLE MACHINE CO., INC. and GROVER S. MARSAU GREEK This action is before the court on the notion of the plaintiff requesting this court to reconsider and set aside its order signed March 4, 1975, and filed March 6, 1975, awarding attorneys' fees to the defendants. Plaintiff relies on the recent rifth Circuit decision in Lucton, Dickinson & Company v. Sherwood Medical Industries, Inc., 516 F.2d 514 (5th Cir. 1975), in support of its mocion. In this court's order of "tred 4, 1975, it held that the defendant was entitled to an award of Attorneys' fees in this case because the plaintiff had failed in its duty to disclose anticipatory prior are which was known to him. In so holding, this court found that an affirmative finding that the patent applicant acted in tal faith, or with malice, or fraudulently in withholding the prior anticipatory patent was not necessary for this court to

that the defendant was entitled to an award of attorneys' fees in this case because the plaintiff had failed in its duty to disclose anticipatory prior are which was known to him. In so holding, this court found that an affirmative finding that the patent applicant acted in tad faith, or with malice, or fraudulently in withholding the prior anticipatory patent was not necessary for this court to award attorneys' fees but hold that the failure to disclose prior anticipatory art which was known to the patentee and which would have prevented the issuance of the patent was sufficient. In becton, dichinson & Co. v. Sherwood Madical Industries, Inc., supra, the Fifth circuit held that there must be a showing of a known, deliberate, or conscious disstancement to the patent office to support a finding of such extraordinary circumstances as would support an award of attorneys' fees under 15 U.S.C. V.285. In Hight of this

decision, the court feels that it must reconsider its prior order, set it aside, and allow the defendant a chance to establish the requisite bad faith at an evidentiary hearing on the part of Altenpohl in failing to disclose the Altenpohl, Sr. patent. Absent such a showing, the award of attorneys' fees in this case would be inappropriate.

IT IS SO ORDERED this 17th day of Pebruary, 1975.

William C. O'Kelley

WILLIAM C. O'RELLAY United States District Judge 20

UNITED STATES DISTRICT COURT EASTERN DISTRICT OF NEW YORK

KASTAR, INC.,

74-C-1266

Plaintiff,

- against -

K MART ENTERPRISES, INC.,

May 29, 1976

Defendant.

Appearances:

LACKENBACH, LILLING & SIEGEL, ESQS. Attorneys for Plaintiff

By: JAMES E. SIEGEL, ESQ. of Counsel

COWAN, LIEBOWITZ & LATMAN, P.C. Attorneys for Defendant

By: RICHARD E. ALEXANDER, ESQ. RUTH STERN GEIS, ESQ. of Counsel

JUDD, J.

#### MEMORANDUM AND ORDER

Plaintiff in this patent and unfair competition action has moved (a) for voluntary dismissal of Count I of the complaint, (b) for dismissal of defendant's counterclaim as moot, and (c) to quash notices of depositions as unnecessary.

#### Facts

Rastar, Inc. has sued K Mart Enterprises, Inc. for patent infringement and for unfair competition. Count I of the complaint, based on federal jurisdiction of patent cases, alleges infringement of Patent No. 3,733,627 for an "Electrician's Combination Tool", informally described as a wirestripper. Count II of the complaint, based on diversity jurisdiction, alleges unfair competition in that defendant is selling an exact duplicate of plaintiff's wirestripper, with product, packaging, illustrations, and all printing on the package identical with that marketed by the plaintiff.

Plaintiff alleges that it had been selling its wirestripper to defendant even before the issuance of its patent, but that defendant caused duplicate wirestrippers to be made in Japan after plaintiff obtained its patent.

Defendant's answer denies most of the allegations of the complaint, except the fact that it previously purchased wirestrippers from the plaintiff. Defendant counterclaimed for a declaratory judgment that the patent is invalid because of (1) lack of invention, (2) obviousness, (3) prior sale, and (4) inadequate specification.

After substantial discovery by both sides, evidence was developed indicating that plaintiff's wirestripper had

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been advertised and offered for sale prior to May 20, 1970, although the patent application was not filed until May 20, 1971. Plaintiff thereafter filed in the Patent Office an instrument dedicating the patent to the public. Its motion to discontinue Count I is based on the fact that the dedication prevents any further infringement and that it is willing to forgo any damages for prior infringement. Voluntary dismissal after the defendant has answered cannot be effective except by court order and "upon such terms and conditions as the court deems proper." F.R.Civ.P. 41(a)(2).

Defendant opposes the motion to dismiss unless it is granted attorney's fees under 35 U.S.C. § 285, asserting that the plaintiff must have known before the suit was brought that the wirestripper had been offered for sale more than a year before the patent was filed.

## First Sales of Wirestripper

The wirestripper in suit is designated as Catalog No. 511A, in plaintiff's Interim Catalog No. 868A, which bears the same 1968 copyright mark as its predecessor Interim Catalog No. 868, but which the affidavits show was first published in October 1970.

The first reference to the wirestripper in the record appears to be about May 1, 1969. At that time the

inventor, Harry Epstein of the plaintiff's organization delivered three sheets of drawings to Mr. Lackenbach, one of plaintiff's patent counsel. Mr. Lackenbach undertook to make a patentability investigation and render a report. One of the evident purposes of this delivery was to obtain an early date for purposes of priority over competing inventions. However, difficulties ensued in completing a commercial embodiment of the invention.

The wirestripper was apparently originally designated as No. 511. A letter "To All Salesmen" from the president of Kastar dated January 14, 1970 stated that one thing after another had gone wrong with the device, that some bends would have to be reversed in order to enable it to cut wire, and that shipment must be delayed for any customers to whom the wirestripper had been sold. The necessary changes to make the tool operative had been completed by March 4, 1970 or shortly thereafter.

Mrs. Katz, plaintiff's office manager, testified that orders for 2,503 pieces had been received "up until May 1970." On May 12, 1970, Mr. Kaplan notified his salesmen that plaintiff was finally able to deliver No. 511A, that samples were on the way, and that shipments would be made by the end of the week (which might mean Friday, May 15, 1970).

The first shipment of No. 513" wirestrippers, 720 units, appears to have been made on May 9, 1970, pursuant to an order from Strauss Stores received on . 1rch 26. The invoice indicates that the shipment originated in Bellport, Long Island, and was received in Maspeth, New York, on May 21, 1970.

## The Patent Application

A copy of the patent application was forwarded to plaintiff on April 9, 1971 by its patent counsel, over a month before the application would have to be filed, if May 19, 1970 was the date of the first public sale. The application was executed by the inventor, Harry Epstein, over a month later, on May 13, 1971. He probably signed the required oath that the invention had not been on sale for more than one year, although the document is not in the record. The application was not filed in the United States Patent Office, however, until May 20, 1971, a day late if the May 19, 1971 shipment date is controlling, and several weeks late if the date when orders were first taken is controlling.

Plaintiff contends that the wirestripper was not completed and reduced to practice at the time of the orders, and therefore that the delivery of the items to Strauss Stores on May 21, 1970 was really an offer for sale, which could have

been accepted or rejected. This argument would mean that no offer for sale could have been made on the dates recorded on plaintiff's invoices as the dates of orders.

### Proceedings in this Action

The complaint was filed on August 30, 1974 and the answer and counterclaim on October 29, 1974. Plaintiff served interrogatories on October 25, 1974 and defendant on October 29, 1974 filed a notice of deposition of plaintiff's patent counsel, the inventor, and plaintiff's president.

Also on October 29, 1974 defendant filed a request for production of documents, consisting of 22 paragraphs each beginning "All documents relating . . . " On November 27, 1974 defendant filed partial answers to some of plaintiff's interrogatories. On January 24, 1975 a stipulation was filed substituting new attorneys for the defendant, who thereupon served a new request for production of documents, with 29 paragraphs each beginning "All documents which refer . . . ." On April 22, 1975 plaintiff filed objections to each of the 29 requests.

After defendant moved to compel production of such documents, the court conferred with counsel in chambers, and on June 20, 1975 entered an order directing the production of certain documents and providing for confidential treatment

of some information in a manner agreed by counsel. The court's notes of the pretrial conference of June 12, 1975 indicate "belligerent attorneys."

Plaintiff's counsel asserted at that time that he was convinced that there had been no prior public use or sale. Plaintiff contemplated making a motion for summary judgment on the issue of infringement and defendant contemplated making a similar motion on the subject of public use. No such motions were made, but plaintiff moved on the basis of an affidavit verified November 26, 1975 for an extension of time to answer defendant's requests for admissions, and for counsel fees to compensate it for having had to request an extension which was unreasonably denied. affidavit of plaintiff's counsel pointed out that defendant had delayed five months before answering plaintiff's requests for admissions, that settlement talks had been undertaken during discussions in Chicago, and that when the settlement talks failed, defendant refused to grant an extension of time for answers which had been due on November 17, 1975. The answers to the requests for admissions were filed on the return day of the motion on December 5, 1975, and no order appears to have been entered.

Apparently depositions had been taken during the

intervening months, although they were not filed in the court.

Plaintiff's counsel asserts that one of the obstacles to the Chicago settlement proposals was that S. S. Kresge Company, which owns the defendant company, feared some claim of antitrust violations if it settled the patent case without obtaining a definite adjudication of invalidity.

On February 10, 1976, plaintiff's counsel sent to the court a copy of a document dedicating U. S. Letters

Patent No. 3,733,627 to the public.

Plaintiff has indicated that it may drop the unfair competition claim in Count II if defendant drops its counter-claim and the court does not award attorneys' fees.

Defendant accuses plaintiff of bad faith both in the obtaining of the patent and in the conduct of the law suit, because plaintiff's counsel should have known when the suit began that the patent was not valid.

## Legal Issues

#### 1. Prior Sale

The time limit for filing a patent after an offer for sale is contained in 35 U.S.C. § 102, which provides in its pertinent parts:

A person shall be entitled to a patent unless . . .

(b) the invention was . . . in public

use or on sale in this country, more than one year prior to the date of the application for patent in the United States. . . .

What constitutes placing an invention "on sale" has been a subject of prolific litigation. See cases under § 102 n.71 et seq.

A single public use or sale may trigger the time limit for filing a patent application. Smith & Griggs

Manufacturing Co. v. Sprague, 123 U.S. 249, 257, 8 S.Ct. 122, 126 (1887). It has been held, on the other hand, that an executory contract to construct and sell does not constitute putting an invention "on sale." McCreery

Engineering Co. v. Massachusetts Fan Co., 195 Fed. 498

(1st Cir. 1912). The court in the McCreery case state (p. 502) that:

The completion of the transaction by delivery and acceptance affords evidence that the article was "on sale" within the meaning of the statute.

It quoted (at p. 502) from Norfolk & Western Ry Co. v. Sims, 191 U.S. 441, 447, 24 S.Ct. 151, 152-53 (1903), that a sale requires both a contract of sale and delivery of the property.

The statement that an invention must be "completed, delivered, and accepted" before it can be

found to be on sale, was quoted in B. F. Sturtevant Co.
v. Massachusetts Hair & Felt Co., 124 F.2d 95, 97 (1st
Cir. 1941). This case related to a made-to-order invention,
however and therefore is distinguishable from the wirestrippers involved in this case.

The Second Circuit dealt with a somewhat similar situation in <u>Burke Electric Co. v. Independent Pneumatic</u>

Tool Co., 234 Fed. 93 (2d Cir. 1916). Where it appeared that patented motors had been ordered before the critical date but could not be delivered until after the critical date, the Court said:

If patented articles are on hand ready to be delivered to any purchaser, they are on sale, whether any of them has been sold or not. But, if they are not, they cannot be said to be on sale within the meaning of the act, though the invention itself has ceased to be experimental and is complete.

In an article written after the patent application in this case was filed, the author criticized the notion that a mere offer to sell was insufficient to put an invention on sale, but stated, "Unfortunately, many subsequent decisions adopted this dictum as law." Barrett, New Guidelines for Applying the On Sale Bar to Patentability, 24 Stanford L. Rev. (1972), 730, 737.

A definitive interpretation of the "on sale" provision was given by Judge Conner, speaking for the Second Circuit, in Timely Products Corp. v. Arron, 523 F.2d 288 (2d Cir. 1975). There electrically heated socks were advertized more than a year before the filing date of the patent application, but were not actually available for delivery until after the critical date. The court specifically disapproved the McCreery, Sturtevant and Burke trilogy of cases, and held (523 F.2d at 299-302) that a patent is barred if the application is filed more than one year after the solicitation of an order, even though the article is to be produced later, where (1) the complete invention is embodied in the thing offered for sale, (2) the invention has been tested sufficiently to verify that it is operable and commercially marketable, and (3) the sale is for profit. While there was ground for predicting the Timely Products decision, it was not available as an authority either in 1971 when plaintiff's patent application was filed or in 1974 when this action was filed.

## 2. Attorney's Fees

Attorney's fees are not usually allowed even in patent cases. The statutory provision is set forth in 35 U.S.C. § 285 and reads in toto

The court in exceptional cases may award reasonable attorney fees to the pre-vailing party.

This provision, from the 1952 revision of the Patent Law, sets more restrictive standards than Section 70 of the old Patent Law (R.S. § 4921), which provided simply that

The court ray in its discretion award reasonable attorneys' fees to the prevailing party upon the entry of judgment on any patent case.

Park-In-Theatres Inc. v. Perkins, 190 F.2d 137 (9th Cir. 1951), where a patent for a drive-in theatre had been invalidated as lacking any invention. The court said (p. 142),

[T]he payment of attorney's fees for the victor is not to be regarded as a penalty for failure to win a patent infringement suit. The exercise of discretion in favor of such an allowance should be bottomed upon a finding of unfairness or bad faith in the conduct of the losing party, or some other equitable consideration of similar force, which makes it grossly unjust that the winner of the particular law suit be left to bear the burden of his own counsel fees which prevailing litigants normally bear.

The court stated that bad faith might be shown by "dilatory tactics or willful effort to prevent expeditious disposition of litigation." (p. 143). In that case no bad faith was found.

Judge Tenney dealt with the present language of § 285 in Indiana General Corp. v. Krystinel Corp., 297 F. Supp. 427 (S.D.N.Y. 1969). affd, 421 F.2d 1023 (2d Cir.), cert. denied, 398 U.S. 928, 90 S.Ct. 1820 (1970). He found that the plaintiff had been less than candid with the Patent Office, and that the patent was void for obviousness, but still denied attorney's fees, saying (297 F. Supp. at 449):

It is established in this District that only where the court is convinced that the patent in suit is so wholly devoid of substance that the plaintiff could not have had a bona fide belief in its validity shall it award the defendant reasonable attorneys' fees pursuant to 35 U.S.C. § 285.

The <u>Indiana General</u> case has been described as the leading case in this circuit on the award of attorney's fees in patent suits. <u>Kahn v. Dynamics Corp. of America</u>, 508 F.2d 939, 944 (2d Cir.) (as modified on denial of rehearing), <u>cert</u>. <u>denied</u>, 421 U.S. 930, 95 S.Ct. 1657 (1975).

In the <u>Kahn</u> case, where attorney's fees were allowed, the court found that the patent applicants had deceived and misled the Patent Examiner with respect to prior art and that they had made no effort to investigate defendant's detailed explanations of why there was no infringement, although three years elapsed between the commencement of the suit and the

trial. The trial court inferred that plaintiff's purpose in commencing the action was to threaten potentially costly litigation in order to force defendant to accept a license under the patent. In affirming, the Court of Appeals stated (p. 945):

Fraud on the Patent Office would certainly be enough to make a case exceptional, "[b]ut conduct short of fraud and in excess of simple negligence is also an adequate foundation for deciding that a patent action is exceptional."

Quoting from Monolith Portland Midwest Co. v. Kaiser Aluminum & Chemical Corp., 407 F.2d 288, 294 (9th Cir. 1969). In the Kahn case, the Court of Appeals expressly found support for a determination of bad faith on the part of plaintiff.

See also <u>Becton</u>, <u>Dickinson and Co. v. Sherwood</u>

<u>Medical Industries</u>, <u>Inc.</u>, 516 F.2d 514 (5th Cir. 1975);

<u>Kramer v. Duralite Company</u>, <u>Inc.</u>, 514 F.2d 1076 (2d Cir. 1975).

Denial of costs was approved in Larchmont Engineering, Inc. v. Toggenburg Ski Center, Inc., 444 F.2d 490 (2d
Cir. 1971), where plaintiff moved for voluntary dismissal
with prejudice after extensive pretrial discovery. Dismissal
without costs was granted in spite of the fact that defendant
sought a hearing on counsel fees. The Court of Appeals found
no abuse of discretion in such denial, pointing out that there
is a "broad policy against allowing costs to be erected as an

undue barrier to litigation. . . " 444 F.2d at 491).

### Discussion

A reasonably negligent inventor in 1971, when the patent application was filed, might have thought that the year in which to file the application ran from May 21, 1970, when the first wirestrippers were delivered. A reasonably negligent patent attorney, who received the inventor's affidavit that on May 13 the invention had not been on sale for more than one year, might have believed that it was all right to proceed in routine fashion instead of sending the patent application to Washington immediately by messenger.

The course of conduct in preparing and filing the application does not indicate any awareness of the critical date or any conscious effort to deceive the Patent Office.

Defendant's argument makes it necessary also to consider the situation facing plaintiff's attorney when this action was begun in 1974. Applying the rule that an attorney should always cross-examine his own client, it is probably true that plaintiff's attorney should have investigated all features of the patent, and that he might have learned in advance that the patent application was actually filed several days or weeks later than it should have been. He probably should have been aware of the 1972 article in the Stanford

Law Review and perhaps of the trend of decisions which led to Judge Conner's 1975 opinion in <u>Timely Products</u>. In the practical operation of the legal profession, however, it is not always possible for an attorney to do everything that the practice manuals may dictate. A reasonably negligent attorney, seeing a valid patent in his files, might well think that there was no obstacle to an infringement suit.

It is so recely realistic to require that an attorney before filing a complaint be familiar with all the 29 groups of documents that the defendant later sought to inspect.

Plaintiff's attorney moved to terminate the patent action as soon as the invalidity became manifest. This was an indication of good faith rather than of bad faith.

Defendant also argues that the revised Catalog

# 868A bore the same 1968 copyright logo as the original

Catalog # 868, and therefore that the wirestripper was on sale

in 1968. There is no showing, however, that the revised

catalog was actually filed in the Library of Congress in 1968

and no contradiction of the affidavit that it was first

published in Occober 1970. A reasonably negligent manufacturer

could well reprint a catalog with an old copyright notice.

This is not a suit for infringement of the catalog copyright,

so the notice is no: a critical fact. Since the wirestripper

was not operative until March 1970, it could not have been advertized for sale in 1970.

The court therefore concludes that defendent has not met the burden of proof of showing that this is the exceptional case which calls for the assessment of attorneys' fees in addition to normal costs.

In view of the indications that plaintiff would withdraw its claim of unfair competition if the patent count is dismissed without attorneys' fees, the court may properly make such withdrawal a condition of this order.

It is ORDERED that plaintiff's motion for voluntary dismissal of Count I of the complaint be granted, that plaintiff's motion to dismiss defendant's counterclaim as moot be granted, that plaintiff's motion to quash the notices of deposition concerning Count I of the complaint be granted, and that Count II of the complaint be dismissed as a condition of this order, with costs of the action to the defendant.

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IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF NEW YORK

-----X

KASTAR, INC.,

ν.

Plaintiff,

Civil Action No. 74 C 1266 Honorable Judge Orrin G. Judd

K MART ENTERPRISES, INC.,

Defendant.

-----X

PLAINTIFF'S OPPOSITION TO DEFENDANT'S PETITION FOR RECONSIDERATION

On July 9, 1976, plaintiff's attorneys received a copy of DEFENDANT'S PETITION FOR RECONSIDERATION, which was served by mail by depositing the copy in the United States Mail on July 7, 1976.

Defendant's position for reconsideration should be denied in all respects for the reasons that:

- (a) It is untimely made;
- (b) The Court's initial order was proper and correct, and
- (c) Any reconsideration and the conducting of further hearings will only increase the parties' expenses when it was the primary objective to limit expenses by terminating this litigation in the manner as accomplished by Judge Judd s Memorandum and Order of May 29, 1976 granting plaintiff's motions.

## I. INTRODUCTION

The background and facts in this case are set forth in Judge Judd's Memorandum dated May 29, 1975, at pages 2-8.

Mrs. Movin, the former Law Clerk to Judge Judd, confirmed that no further steps had to be taken by plaintiff to dismiss Count II of the Complaint. Count II was deemed to have been dismissed as a condition of the Order simultaneously dismissing

Count I and the Counterclaim.

Defendant contends that plaintiff's unfair competition count (Count II) is "baseless" - yet it would oppose the dismissal. The motive of defendant's counsel is apparent. He seeks only to multiply fees and costs and then to impose these costs upon plaintiff.

## II. DEFENDANT'S PETITION IS UNTIMELY UNDER THE LOCAL GENERAL RULES

Rule 9(m) of the Local General Rules of the United States clearly and specifically requires that a motion for reargument be made within ten days after the filing of the court's determination. The Federal Rules of Appellate Procedure, Rule 4(a), allow an appeal to be taken from a judgment entered in the District Court within thirty days from entry of the judgment if the appeal is a matter of right.

In this case, Judge Judd's Memorandum and Order was dated May 29, 1975 and was docketed on June 2, 1976. From this it immediately becomes clear that defendant did not act timely but waited more than the maximum thirty days before making this petition for reconsideration. Plaintiff respectfully submits that not only has the time run out for requesting a rehearing, but the time for lodging an appeal to the Court of Appeals has similarly elapsed. Defendant should not, therefore, be permitted to seek review of a decision by the District Court when it is barred from a right of review by the Court of Appeals. The granting of this petition for rehearing would, in effect, grant defendant review of a decision upon which no further review is permitted under the Federal Rules.

### III. 'AE COURT'S INITIAL DECISION WAS CORRECT

The Court was correct in its first decision. The policy considerations in this case truly warranted the Court to drop all the counts and counterclaim in this action upon the dedication of the patent in suit, since all these claims and counterclaim have thereby been rendered moot. The Court undoubtedly recognized that the best interests of both parties would be served by termination of proceedings in this case. On the other hand, the attorneys for the defendant have tried over and over again to reinstitute, continue and prolong the proceedings. Justice and the equities in this case require that these proceedings be terminated once and for all and that defendant's Petition for Reconsideration be denied.

Where a litigant is dissatisfied with a decision, he may request reconsideration or appeal to a higher tribunal. However, the Federal Rules and public policy demand that a request for review be diligently and timely made.

The question of attorneys' fees is within the Court's discretion. The Court had considered all the facts and not having found that this was an "exceptional" case, has properly denied defendant's request for attorneys' fees. The defendant has made no showing of an abuse of discretion and, therefore, the Court's prior decision should be permitted to stand.

all the counts and counterclaim were simultaneously dismissed and the Court took this action to minimize litigation expenses to all the parties involved, an approach which has been approved by the Second Circuit. See <u>Larchmont Engineering</u>, <u>Inc</u>, <u>v. Toggenburg Ski Center</u>, <u>Inc.</u>, 444 F.2d 490 (2d Cir. 1971). The decision which has issued in this case is consistent with the

policy in this Circuit regarding attorneys' fees. Again, the defendant has not shown how the Court was clearly erroneous, or arbitrary in making this decision and, since decisions with respect to attorneys' fees are totally discretionary with the Court, the Court was certainly well within its power and right to make the decision that it did.

## IV. THE COURT HAS NOT FOUND THE PATENT TO BE INVALID

Defendant's attorneys have taken the position throughout the Petition for Reconsideration that plaintiff's patent, now dedicated to the public, was in fact invalid. No such determination has ever been made by the Court. As appears from the Court's Order of May 29, 1976, the Court gave full consideration of the salient facts and made no determination of validity or invalidity. It is obvious that the Court recognizes that there was an issue as to validity which was rendered moot by the dedication to the public of the patent in suit.

#### V. CONCLUSION

Based on all of the above, plaintiff respectfully requests this Court to deny defendant's Petition for Reconsideration.

The Petition is extremely untimely and is barred by Local Rules. Additionally, the award of attorneys' fees, the only area of interest insofar as the defendant is concerned, was totally discretionary with the Court, and the defendant has not shown how the Court was arbitrary in this respect.

Furthermore, the defendant dedicated the patent to the public and moved to dismiss both counts of its complaint in a good faith effort to terminate this suit and to spare the parties any additional  $\epsilon \times \rho \in A$  e. The Court recognized this state of affairs and granted plaintiff's motion, thus terminating all

proceedings in this case once and for all. It is not believed that the reconsideration of this case and the possible reinstitution of proceedings as requested by defendant's attorneys would serve the interests of any of the parties involved. The Larchmont case, supra, is directly in point and should be dispositive of the issues which have now been raised by the defendant's attorneys. This Second Circuit case has not once been mentioned by defendant's attorneys, although it clearly sets forth the policy to be followed in cases such as this one.

Respectfully submitted,
LACKENBACH, LILLING & SIEGEL

#### M. GREENSI AU

By

James E. Siegel, Esq.
Myron Greenspan, Esq.
Attorneys for Plaintiff
41 East 42nd Street
New York, New York 10017
(212) 986-7630

Dated: July 15, 1976

#### CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Plaintiff's Opposition to Defendant's Petition for Reconsideration was personally served upon defendant's counsel, Messrs. Cowan, Liebowitz & Latman at their offices at 200 East 42nd Street, New York, New York and mailed to defendant's counsel, Richard E. Alexander, Esq. at 33 North Dearborn Street, Chicago, Illinois 60702 this 16th day of July, 1976.

M. GREENSPAN

Myron Greenspan

July ,22, 1976

United States District Court
Eastern District of New York
225 Cadman Plaza
Brooklyn, New York 11201

Re: Kastar v. K-Mart Civil Action No. 74 Civ. 1266 (OGJ)

Dear Sir:

Kindly forward copies of all correspondence directed to the defendant in the above action to the following attorneys:

Arthur J. Greenbaum, Esq. and/or Carol F. Simkin, Esq. Cowan, Liebowitz & Latman, P.C. 200 East 42nd Street New York, New York 10017

Allen Greenberg, Esq.
Richard E. Alexander, Ltd.
33 North Dearborn Street
Chicago, Illinois 60602

Thank you for your cooperation.

BEST COPY AVAILABLE

y truly yours,

Carol Faye Simkin

CFS/ls

23

UNITED STATES DISTRICT COURT EASTERN DISTRICT OF NEW YORK

KASTAR, INC.,

Plaintiff.

WITHDRAWAL OF MOTION

-against-

74 Civil 1266

K-MART ENTERPRISES, INC.,

Defendant.

Originally assigned to Hon. Orrin G. Judd

Defendant, in view of Judge Judd's untimely death, hereby withdraws its pending motion for reconsideration of his Memorandum and Order, dated May 29, 1976, which was filed on June 2, 1976.

COWAN, LIEBOWITZ & LATMAN, P.C. Attorneys for Defendant

Bv

A Member of the Firm 200 East 42nd Street New York, N. Y. 10017

To: LACKENBACH, LILLING & SIEGEL Attorneys for Plaintiff 41 East 42nd Street New York, N. Y. 10017

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## IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF NEW YORK

KASTAR, INC.,	··)
Plaintiff,	
<b>v.</b>	) Civil Action No. 74 C 1266
K-MART ENTERPRISES, INC.,	, )
Defendant.	)

DEFENDANT'S MEMORANDUM IN SUPPORT OF ITS MOTION FOR EXTENSION OF TIME IN WHICH TO FILE NOTICE OF APPEAL UNDER RULE 4(a) OF THE FEDERAL RULES OF APPELLATE PROCEDURE

Defendant seeks an additional thirty days in which to file its Notice of Appeal in the above-captioned action. Defendant has filed its Motion, the Affidavit of Richard E. Alexander, Esq., the Affidavit of Arthur J. Greenbaum, Esq., its Notice of Appeal and this memorandum in support of its position. The effect of this Motion, if granted, would be to extend the time in which Defendant can file its Notice of Appeal up to and including August 1, 1976.

## BACKGROUND

After a short non-evidenciary hearing in the above-captioned action, the late Judge Judd issued a Memorandum and Order on May 29, 1976. The Clerk entered Judgment on this Order on June 2, 1976.

## ARGUMENT

# I. DEFENDANT'S COUNSEL HAD NO KNOWLEDGE OF THE ENTRY OF JUDGMENT

The Affidavit of Richard E. Alexander makes it clear that primary counsel for Defendant:

- Believed Judge Judd's Memorandum and Order of May 29,
   1976 to be conditional and not final (Alexander Affidavit, ¶2 and 3);
- 2. Was so sure that the Memorandum and Order of May 29, 1976, was conditional that he filed a Petition for Reconsideration on or about July 7, 1976 (Alexander Affidavit, ¶5):
- 3. Had absolutely no knowledge of the Entry of Judgment on June 2, 1976, based upon the Memorandum and Order of May 29, 1976, (Alexander Affidavit, ¶6); and
- 4. Did not learn of the Entry of Judgment in this action until July 20, 1976 (Alexander Affidavit, ¶6).

The Affidavit of Arthur J. Greenbaum makes it clear that local counsel for Defendant:

- Believed Judge Judd's Memorandum and Order of May 29,
   to be conditional and not final (Greenbaum Affidavit, ¶2);
- 2. Had no knowledge of the Entry of Judgment on June 2, 1976, based upon the Memorandum and Order of May 29, 1976 (Greenbaum Affidavit, ¶4); and
- 3. Did not learn of the Entry of Judgment in this action until on or about July 19, 1976 (Greenbaum Affidavit, ¶4).

## II. DEFENDANT'S DELAY IN FILING ITS NOTICE OF APPEAL WAS CAUSED BY EXCUSABLE NEGLECT.

Extensions of time for filing Notice of Appeal are controlled by Rule 4(a) of the Federal Rules of Appellate Procedure. In pertinent part, that Rule states:

"Upon a showing of excusable neglect, the District Court may extend the time for filing the Notice of Appeal by any party for a period not to exceed thirty (30) days from the expiration of the time otherwise prescribed by this subdivision. Such an extension may be granted before or after the time otherwise prescribed by this subdivision has expired; but, if a request for an extension is made after such time has expired, it shall be made by motion with such notice as the Court shall deem appropriate."

The question, therefore, inherent in the determination of the instant

Motion is whether Defendant's actions constitute "excusable neglect".

It is well established that:

"Failure of a party to learn of the Entry of Judgment continues to be the principal ground for an extension of the time for appeal." 7 Moore's Federal Practice, § 204.13(1), page 969.

In the case presently at bar, it is clear that the Defendant's counsel had no idea that judgment had been entered. Furthermore, given the ambiguous, conditional terms contained in the Memorandum and Order of May 29, 1976*, Defendant's counsel never believed it was necessary to ascertain whether a judgment had been entered.

It is ORDERED that ... Count II of the Complaint be dismissed as a condition of this Order ... "(emphasis added) (Memorandum and Order of May 29, 1976, page 17.)

^{* &}quot;In view of the indications that Plaintiff would withdraw its claim of unfair competition if the patent count is dismissed without attorneys' fees, the Court may properly make such a withdrawal a condition of this order.

The general principle that a failure to know of the Entry of Judgment is "excusable neglect" for the purposes of Rule 4(a) of the Federal Rules of Appellate Procedure, has been followed by the courts, Conway v. Pennsylvania Greyhound Lines, 243F. 2d 39 (D.C. Cir., 1957). However, in this Circuit, even where local counsel had such notice and trial counsel did not, "excusable neglect" justifying the grant of an extension of time in which to appeal was found, Resnick v. Lehigh Valley R. Co., 11 F. R. D. 76 (S. D. N. Y., 1951). It is to be noted that in the instant proceeding, neither local counsel nor primary counsel had any knowledge of the Entry of Judgment on June 2, 1976.

Further, it is not seen how a mere thirty day enlargement of the time in which Defendant can appeal will work any prejudice upon Plaintiff.

Finally, counsel's belief that the ambiguous May 29, 1976, Memorandum and Order was conditional and not final is believed to be of extreme importance to the instant Motion. In Torockio v.

Chamberlain Mfg. Co., 56 F. R. D. 82 (W. D. Pa., 1972), Plaintiff's counsel believed that an Order was not final because it constituted a dismissal without prejudice and therefore allowed for an amended complaint. This mistaken belief, although in no way as meritorious as counsel's confusion over the ambiguous, conditional Order in the instant proceeding, was found to validate the filing of a late Notice of Appeal.

## CONCLUSION

For all of the above reasons, Defendant requests that its

Notice of Appeal, filed concurrently herewith, be accepted and that

its Motion for Extension of Time In Which To File Notice of Appeal
be granted.

Respectfully submitted

Date 7-23-76.

Richard E. Alexander, Esq.

Attorney for K-Mart Enterprises, Inc.

THE LAW FIRM OF RICHARD E. ALEXANDER, LTD. 33 North Dearborn Street Chicago, Illinois 60602 (312) 726-7800 UNITED STATES DISTRICT COURT EASTERN DISTRICT OF NEW YORK

KASTAR, INC.,

Plaintiff.

74 C 1266

MEMORANDUM

-against-

and

ORDER for JUDGMENT

K MART ENTERPRISES, INC.

Defendant.

_¥

Appearances:

JAMES E. SIEGEL, Esq. and MYRON GREENSPAN, Esq. (LACKENBACH, LILLING & SIEGEL of Counsel) for plaintiff

ARTHUR J. GREENBAUM, Esq. (COWAN, LIEBOWITZ & LATMAN, P.C. of Counsel) for defendant

DOOLING, D.J.

This patent infringement (Count 1) and unfair competition (Count 2, 28 U.S.C. 1338(d)) case was commenced on August 30, 1974, and was assigned to Judge Judd. After extensive discovery and deposition proceedings plaintiff moved on February 10, 1976 for the voluntary dismissal of Count 1 of the complaint on the ground that it was dedicating the patent to the public, for the dismissal of defendant's counterclaim for a declaratory judgment of invalidity and non-infringement as - in consequence - mooted, and to quash as unnecessary certain notices of

deposition on the patent issues. Defendant opposed the motion to dismiss arguing that plaintiff knew when it applied for the patent that the article of the patent had already been on sale for more than a year, and that the plaintiff's pursuit of the patent and the suit entitled defendant to attorneys' fees under 35 U.S.C. 285. Defendant formally counterproposed that plaintiff dedicate the patent and reimburse defendant \$3500 for counsel fees, that the parties mutually release each other from all claims in the premises, and that plaintiff dismiss its complaint (i.e. both counts) and defendant its counter-claim, with prejudice. Until the eve of oral argument it seems plaintiff had not agreed to dismiss Count 2 and defendant was arguing for an evidentiary hearing on the issue of bad faith in the Section 285 perspective and deferment of final resolution of the Section 285 issue until after the trial on Count 2. In a Memorandum and Order dated May 29. 1976 and docketed June 2, 1976, Judge Judd noted (p.8):

> "Plaintiff has indicated that it may drop the unfair competition claim in Count II if defendant drops its counterclaim and the court does not award attorneys' fees."

The Memorandum discussed the evidentiary material relevant

to the public sale issue in the case and the authorities bearing on the circumstances in which attorneys' fees are awarded to defendants in patent cases, concluded that there had been no conscious effort to deceive the patent offfice, that plaintiffs' attorney had moved to terminate the patent action as soon as invalidity became manifest, and that defendant had not met the burden of proving that the case was an exceptional one in the sense of Section 285. Judge Judd concluded:

"In view of the indications that plaintiff would withdraw its claim of unfair competition if the patent count is dismissed without attorneys' fees, the court may properly make such withdrawal a condition of this order.

It is ORDERED that plaintiff's motion for voluntary dismissal of Count I of the complaint be granted, that plaintiff's motion to dismiss defendant's counterclaim as moot be granted, that plaintiff's motion to quash the notices of deposition concerning Count I of the complaint be granted, and that Count II of the complaint be dismissed as a condition of this order, with costs of the action to the defendant."

Other than as appears in Judge Judd's Memorandum and Order there is no formal, written withdrawal or dismissal of the unfair competition count in the record. The Clerk's office has not entered judgment on the order and in the postcard mailed to defense counsel of record (and returned

with notation "MOVED-NOT FORWARDABLE) and that mailed to plaintiff's counsel the decision is characterized as an order, the word "judgment" being lined out. Active defense counsel did not receive a copy of the Clerk's postcard notice, but they did receive by mail from Judge Judd's chambers a copy of the June 2 decision. Defense counsel later received a copy of Judge Judd's letter of June 16, 1976, in which he returned an exhibit to plaintiff's counsel, saying

"The case having been decided, I am returning the copy of [the Exhibit]. "You should keep it available in case it is required in connection with any appeal."

Defendant filed a petition for reconsideration on July 14, 1976; it was not ruled on by Judge Judd and in light of his intervening death was withdrawn on July 27, 1976. The motion for reconsideration was notitself timely under local General Rule 9(m), requiring motions for reargument to be served within ten days after the determination of the original motion, and, indeed, it was filed more than thirty days after the entry of the Memorandum and Order of June 2, 1976.

Defendant now moves under Rule 4(a), Fed.R. App. p.

for an order extending the time within which a Notice of Appeal from the Memorandum and Order of May 29 may be filed. In so moving, defendant assumes that the Memorandum and Order is a final order from which an appeal, to be timely, should have been taken within 30 days of entry. (Appellate Procedure Rule 4(a).) Defendant argues that an extension of time should be granted as provided for in the final paragraph of Rule 4(a) since defendant's failure to make a timely filing is due to "excusable neglect" in that Judge Judd's Memorandum and Order was somewhat ambiguous as to the need for further action on the plaintiff's part before it would become final, and that counsel for the defendant never received the post-card from the Clerk of Court indicating that the Memorandum and Order had been docketed (although, defendant acknowledges, he did receive by mail a copy of the Memorandum and Order from Judge Judd's chambers). Plaintiff answers that defendant's failure to seek clarification of the order does not qualify as an "excusable" neglect. But the Memorandum and Order, although plainly regarded by Judge Judd as disposing of the case, nevertheless leaves open the question whether it is, as it were, self-executing or requires implementation.

Must plaintiff file a formal dismissal of Count 2 if it wishes a judgment to be entered on the order? Certainly Judge Judd entertained no doubt that the plaintiff would elect (if he had not already done so) to make effective the condition of the order. But it is not clear that Judge Judd intended the condition of the order to operate automatically upon the entry of his order.

Without passing on the ultimate question whether the June 2, 1976, MEMORANDUM and ORDER was a final and appealable decretal instrument, on the hearing of the present motion defendant was granted leave to file a notice of appeal, and that action is now confirmed, pursuant to Appellate Rule 4(a), last paragraph.

Plaintiff's MEMORANDUM filed July 29, 1976, states (pp.2,3) that

"During the hearing of its Motion before Judge Judd, on February 20, 1976, [plaintiff] ... offered to dismiss both Counts I and II if the Counterclaim were dismissed and if defendant's cross motion for attorney's fees were denied.

"The Memorandum and Order ... was clear, unambiguous and final on its face with respect to dismissal of the Counts I and II of the Complaint, the Counterclaim and the cross-

motion for attorneys' fees."

That may be taken as a clarification of record that plaintiff has withdrawn and/or is withdrawing the unfair competition claim of Count 2, so that the plan of Judge Judd's June 2, 1976, order can go into effect. clear, the present situation is, then, that when the judgment hereinafter ordered is entered, defendant will be free to appeal to the Court of Appeals from the denial to it of attorneys' fees under 35 U.S.C. 285; if defendant prevails on appeal and the District Court is instructed to award reasonable counsel fees to defendant (or if the Court of Appeals itself makes such an award) then upon remand the plaintiff will be free to elect to proceed on Count 2, and, it may be inferred, detendant will be tree to urge the District Court to defer determination of the allowance of attorneys' fees under Section 285 until after the issues on Count 2 have been determined.

of necessity a determination in this court or what constitutes a final, appealable order is subject to correction by the Court of Appeals and can be raised at once by motion under Appellate Rule 27(a). Subject to that by motion under Appellate Rule 27(a). Subject to that review it is concluded that the Memorandum and Order of June 2, 1976, was not a final and appealable judgment

8.

but was rather an order for judgment. That the Clerk did not regard at as atthet a judgment on a sali complete

order for judgment and so neither docketed it as a judgment nor entered judgment on it may indicate that he expected further action denoting acceptance of the expressed condition. In any case it is clear that it was not and was not treated as the "separate document" required by Rule 58. As no final judgment, as required by Rule 58 has yet been entered, defendant's time to appeal has not commenced to run.

Accordingly, it is,

ordered that defendant's time to file a notice of appeal from the Memorandum and Order dated May 29 and filed and docketed June 2, 1976, (if that instrument is an appealable final order or judgment) is extended until August 2, 1976 (Appellate Rules 4(a), 26(a)) on the ground that defendant's neglect of timely filing was excusable; and it is further

ORDERED that the Clerk of Court now enter judgment that plaintiff take nothing on the complaint and that defendant take nothing on the counterclaim and that the action is dismissed with costs of the action as taxed

by the Clerk to the defendant, but without allowance to the defendant of attorneys' fees under 35 U.S.C. 285.

Brooklyn, New York

August 2, 1976.

U. / S. D!- YJ./

Entered Agent signs

UNITED STATES DISTRICT COURT EASTERN DISTRICT OF NEW YORK

KASTAR, INC.,

Plaintiff,

-against-

K-MART ENTERPRISES, INC. .

Defendant.

ORDER TO SHOW CAUSE

74 Civil 1266

Hon. John F. Dooling, Jr

Upon the summons and complaint herein, the attached affidavits of Richard E. Alexander, sworn to July 23, 1976, and Arthur J. Greenbaum, sworn to July 26, 1976, the Notice of Appeal, dated July 23, 1976, the original of which is submitted herewith and a copy of which is attached hereto, the accompanying Defendant's Memorandum of Law, and all papers heretofore filed in this action, it is

ORDERED, that plaintiff or its attorneys show cause at a motion part of this Court to be held before the Hom. Underigned, in Room 8 of the United States Courthouse. 225 Cadman Plaza East, Brooklyn, New York, on the 27 day of 1976, at 10:00 A.M., or as soon thereafter as J-17 counsel can be heard, why an order should not be issued pursuant to Rule 4(a) of the Federal Rules of Appellate Procedure, extending the time for filing the Notice of Appeal, the original of which is submitted herewith and a copy of which is attached hereto; and it is further

ORDERED, that answering papers, if any, be served upon Cowan, Liebowitz & Latman, P.C., 200 East 42nd Street, New York, New York 10017, as attorneys for defendant, on or before the firm;

The makers of the state of t

ORDERED, that personal service of a copy of this Order to Show Cause and the papers annexed hereto upon Messrs.

Lackenbach, Lilling & Siegel, 41 East 42nd Street, New York, New York 10017, attorneys for plaintiff, on or before the 2673 day of Jely, 1976, by 500 o'clock shall be deemed appropriate service.

Dated: Brooklyn, New York July 26, 1976.

U.S.D.J.

RECEIVED JUL 2 9 1976

UNITED STATES DISTRI	CT COURT			1002 3 1370	,
EASTERN DISTRICT OF					
		x			
KASTAR, INC.,		:	AFFIDAVIT	OF SERVICE	
	Plaintiff,	:	74 Civil	1266	
-agair	nst-	*	Hon. John	F. Dooling	, J
K-MART ENTERPRISES,	INC.,	:		4	
	Defendant.	:			
		x			

STATE OF NEW YORK )
: ss.:
COUNTY OF NEW YORK )

ARTHUR J. GREENBAUM, being duly sworn, deposes and says:

I am a member of Cowan, Liebowitz & Latman, P.C., attorneys
for defendant. On July 26, 1976 I obtained from Judge John F.

Dooling, Jr. an Order to Show Cause permitting the service of said
order and the papers arrexed thereto upon Lackenbach, Lilling &
Siegel, attorneys for plaintiff, 41 East 42nd Street, New York,
New York 10017, on July 26, 1976, before 5:00 P.M.

On July 26th at 4:00 P.M. I served said papers and Defendant's Memorandum in Support of Its Motion for Extension of Time in Which to File Notice of Appeal under Rule 4(a) of the Federal Rules of Appellate Procedure. These papers were served by me personally upon James Siegel, a member of Lackenbach, Lilling & Siegel, and he marked my file copy of the Order to Show Cause and the Memorandum "Copy Received 7/26/76 4:00 P.M. James/E. Siegel."

Subscribed and sworn to before me this 26th day of July, 1976

Multing Mossiman Nothery Public

SHIRLEY-R: ROTHSTEIN
Notary Public, State of New York
No. 41-3379325
Qualified in Queens County
Commission Expires March 30, 1677

139

Greenbaum

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF NEW YORK

KASTAR, INC.,

Plaintiff,

Civil Action No. 74 C 1266

vs.

NOTICE OF APPEAL

K-MART ENTERPRISES, INC.,

Defendant.

Notice is hereby given that K-MART ENTERPRISES, INC.,
The Defendant above named, hereby appeals to the United States
Court of Appeals for the Second Circuit from the final
judgment entered in this action on the second day of June, 1976.

Respectfully submitted

Richard E. Alexander, Esq.

Attorney for K-Mart Enterprises, Inc.

Dated: 7-23-76

THE LAW FIRM OF RICHARD E. ALEXANDER, LTD. 33 North Dearborn Street Chicago, Illinois 60602

# UNITED STATES DISTRICT COURT EASTERN DISTRICT OF NEW YORK

-----x

KASTAR, INC.,

Plaintiff,

74 Civ. 1266

v.

Hon. John F. Dooling, Jr.

K-MART ENTERPRISES, INC.,

Defendant.

MEMORANDUM OF PLAINTIFF KASTAR, INC., IN OPPOSITION TO THE MOTION OF DEFENDANT K MART ENTERPRISES, INC. FOR AN EXTENSION OF TIME IN WHICH TO FILE NOTICE OF APPEAL UNDER RULE 4(a) F.R.A.P.

This memorandum is submitted by plaintiff, KASTAR, INC.

(hereinafter referred to as KASTAR) in opposition to the motion

of defendant K-MART ENTERPRISES, INC. (hereinafter referred to as

K-MART) for an extension of time in which to file a notice of

appeal under Rule 4(a) F.R.A.P.

### BACKGROUND

This action was brought for patent infringement and unfair competition, forming Counts I and II of the Complaint respectively. The defendant answered the Complaint by asserting affirmative defenses to each of the Counts of the Complaint.

The defendant's affirmative defenses included estoppel (¶ 19)*, patent invalidity under 35 U.S.C. 101 (¶ 20(a) ).

patent invalidity under 35 U.S.C. 102 (¶¶ 20a and 20c) and under 35 U.S.C. 103 (¶ 20b), patent invalidity under 35 U.S.C. 112 (¶ 20d), and unclean hands (¶ 21.).

The defendant also included a Counterclaim in its Answer for a declaratory judgment declaring the patent in issue invalid. The Counterclaim incorporated by reference paragraphs 19-21 of the Answer outlining the affirmative defenses to Count I, and alleged that the patent in suit was invalid and unenforceable for one or more reasons alleged in connection with the affirmative defenses.

After some discovery and fruitless settlement negotiations,

KASTAR dedicated its patent to the public and moved to dismiss

Count I of the Complaint and K-MART's Counterclaim. K MART opposed
this motion, insisting that it was entitled to attorney's fees.

During the hearing of its Motion before Judge Judd, on February 20, 1976, KASTAR in an effort to terminate this litigation and to minimize further expenses to the parties involved, offered to dismiss both Counts I and II if the Counterclaim were dismissed and if defendant's cross motion for attorneys' fees were denied.

On May 29, 1976, Judge Judd handed down a Memorandum and Order granting KASTAR's motion, stating on page 17:

^{*}Numbered paragraphs refer to paragraphs in defendant's Answer.

In view of the indications that plaintiff would withdraw its claim of unfair competition if the patent count is dismissed without attorneys' fees, the Court may properly make such a withdrawal a condition of this Order.

It is ORDERED that plaintiff's motion for voluntary dismissal of Coun': I of the Complaint be granted, that plaintiff's motion to dismiss defendant's counterclaim as moot be granted, that plaintiff's motion to quash the notices of deposition concerning Count I of the complaint be granted, and that Count II of the Complaint be dismissed as a condition of this order, with costs of the action to the defendant."

Copies of the May 29, 1976 Memorandum and Order were mailed to all the attorneys of record. Both trial and local counsel for K-MART have indicated, in paragraph 2 of their respective supporting affidavits, that they have "received and reviewed" the Memorandum and Order.

The Memorandum and Order dated May 29, 1976 was docketed on June 2, 1976. The back of the Docket Sheet, attached hereto as Exhibit "1", indicates that pursuant to Rule 77(d), postcards were mailed by the Clerk on June 2, 1976 to all attorneys of record notifying them of the entry of the Memorandum and Order. The postcard mailed to the attorneys for KASTAR was received on June 4, 1976 (Exhibit No. 2). There can be no denying that like cards were received by K-MART's attorneys.

The Memorandum and Order dated May 29, 1976, was clear, unambiguous and final on its face with respect to dismissal of Counts I and II of the Complaint, the Counterclaim and the crossmotion for attorney's fees. An abundance of caution, however, prompted KASTAR's attorneys to call the Court, as they do in most litigated matters, to make certain that no further action was

necessary to be taken by KASTAR with respect to the ORDER.

Mrs. Kovin, the former law clerk to Judge Judd, confirmed that no further steps had to be taken by KASTAR to dismiss Count II of the Complaint. Count II was deemed to have been dismissed as a condition of the Order simultaneously dismissing Count 1 and the Counterclaim.

On July 9, 1976, the attorneys for KASTAR received a copy of DEFENDANT'S PETITION FOR RECONSIDERATION, which was served by mail by depositing the same in the United States Mail on July 7, 1976. KASTAR served its OPPOSITION TO DEFENDANT'S PETITION FOR RECONSIDERATION (Exhibit No. 3) on local counsel and mailed a copy thereof to trial counsel on July 16, 1976.

On July 26, 1976, KASTAR was served with an Order to show Cause, signed by Judge Dooling on the date served, why an order should not be issued pursuant to Rule 4(a) of the Federal Rules of Appellate Procedure, extending the time for filing a Notice of Appeal. A Notice of Appeal was submitted to this Court on July 26, 1976, fifty-four (54) was after the Memorandum and Order sought to be appealed from was entered.

I. THE APPLICABLE FEDERAL RULES

Rule 4(a) of the Federal Rules of Appellate Procedure requires that a Notice of Appeal be filed within thirty days of the date of the entry of the judgment or order appealed from. Upon showing of "excusable neglect", the District Court may extend the time for filing the Notice of Appeal for a period not to exceed thirty days from the expiration of the time otherwise prescribed.

Rule 77(d) of the Federal Rules of Civil Procedure requires that immediately upon the entry of an Order or Judgment, the Clerk shall serve a notice of the entry by mail in the manner provided for in Rule 5 upon each party who is not in default for failure to appeal, and shall make a note in the Docket of the mailing. This Rule also states:

"Lack of notice of the entry by the clerk does not affect the time to appeal or relieve or authorize the court to relieve a party for failure to appeal within the time allowed, except as permitted in Rule 4(a) of the Federal Rules of Appellate Procedure."

The 1946 Committee note to amended subdivision (d) includes the following observations:

"Rule 77(d) as amended makes it clear that notification by the clerk of the entry of a judgment has nothing to do with the starting of the time for appeal; that time starts to run from the date of entry of judgment and not from the date of notice of the entry. Notification by the clerk is merely for the convenience of litigants. And lack of such notification in itself has no effect upon the time for appeal; but in considering an an application for extension of time for appeal as provided in Rule 73(a), the court may take into

account, as one of the factors affecting its decision, whether the clerk failed to give notice as provided in Rule 77(d) or the party failed to receive the clerk's notice. It need not, however, extend the time for appeal merely because the clerk's notice was not sent or received. It would, therefore, be entirely unsafe for a party to rely on absence of notice from the clerk of the entry of a judgment, or to rely on the adverse party's failure to serve notice of the entry of a judgment." (Emphasis added).

7 Moore's Federal Practice, ¶77.01, pps. 77-4, 77-5.

Thus it is evident that the thirty day time period in which to file an appeal runs from the date of entry and not the date of notice of such entry.

An extension of time beyond the thirty day period to appeal will not be granted simply because the request has been made.

Traditionally, the only case of "excusable neglect" is one where it can be shown that the party seeking the extension did not know and had no way of knowing that a final judgment or order was made or entered. The legislative history of Rule 77(d) of the Federal Rules of Civil Procedure also makes it clear that a litigant should not rely upon the clerk's notice since such notification is merely for the convenience of litigants. This Circuit has clearly placed the burden upon the litigants to follow the state of the litigation. In Nichols-Morris Corporation v. Morris, 279

F.2d 81 (2d Cir. 1960), in a proceeding on motion to extend time for appeal, the Court of Appeals affirmed the District Court's denial of plaintiff's motion and, at page 83,

stated that the change in the applicable rule:

"...plainly charges the putative appellant with a duty to follow the progress of the action and advise himself when the court makes the order against which he wishes to protest. We cannot avoid the conclusion that the failure to act was the result either of a failure to understand the law, or of one of those careless omissions to which everyone is indeed subject, but which do not excuse inaction." [Emphasis added].

Accordingly, where a litigant knows that an Order has been made, it is incumbent on him to make the necessary inquiries to the Court to clarify any aspect(s) of the Order, including, but not limited to, its entry.

# II. K-MART'S ACTIONS IN THIS CASE DO NOT CONSTITUTE "EXCUSABLE NEGLECT"

The affidavits of Richard E. Alexander, defendant's trial counsel, and Arthur J. Greenbaum, a member of the firm acting as local counsel, both acknowledge the receipt of the Memorandum and Order of May 29, 1976. Neither denies that the Order was unequivocal in dismissing both Count I and the Counterclaim or that defendant's cross motion for attorney's fees was denied.

Defendant's entire argument is based upon the specious contention that Mr. Alexander believed that plaintiff would satisfy the conditions of the Order by moving to dismiss Count II, a motion which he would have opposed.

This contention is of no moment. Count I and the Counterclaim were dismissed and defendant was denied attorney's fees. If there was any doubt as to whether Count II was dismissed, Mr. Alexander, or his local counsel had only to call the Court. This they chose not to do. Thus, defendant has failed to fulfill its obligations as mandated in Nichols-Morris, supra.

III. THE FACTS IN THIS CASE FALL FAR SHORT OF THE EXCEPTIONAL "EXCUSABLE NEGLECT" CASES WHERE EXTENSIONS HAVE BEEN GRANTED

K-MART relies on Resnick v. Lehigh Valley R. Co., 11 F.R.D.

76 (S.D.N.Y. 1951). In Resnick, however, trial counsel never received notice of entry. There is no mention as to whether trial counsel received the judgment appealed from. In this case, however, both local and trial counsel received copies of the Memorandum and Order, both were under an obligation to follow the progress of the litigation and to ascertain when and if the same was entered, and presumably both received the notice of entry.

In <u>Brahms v. Moore-McCormick Lines Inc.</u>, 18 F.R.D. 502

(S.D.N.Y. 1955), the Court clearly distinguished over the <u>Resnick</u> case by noting that notice of entry was received in the office of the man who was both attorney of record and trial counsel. The Court said, at page 503:

"It will take a very much stronger case than that made by these affidavits to substantiate a claim that there was (a) a 'failure of [the] party' to learn of the entry of judgment and (b) a showing of excusable neglect."

The Brahms court thereupon denied the motion to extend the time to appeal.

That a petition or motion of this type to extend a time to appeal must spell out with great particularity the facts and circumstances which would make out a case of "excusable neglect", is further stated in <a href="Fowler v. M. Dodsen">Fowler v. M. Dodsen</a>, IV, 22 F.R.D. 4(E. D. Pa. 1958). There, the Court made it clear that the petition must not only be closely examined with respect to what is set forth but also as to what is not set forth. The Court then found

that the petition exhibited "remarkable reticence" with respect to certain facts and circumstances and concluded that the "vague, indefinite, general averments" of the petition made no showing of "excusable neglect". The petition for extension of time was thereupon dismissed.

In <u>Pasquale v. Finch</u>, 418 F.2d 627 (1st Cir. 1959), the counsel of record received proper notice of judgment, conveyed such notice to the Justice Department and did no more. By the time the responsible government attorney had learned of the entry of judgment, the sixtyday appeal period under Rule 4(a) had expired. The court said:

"We cannot say that such mishandling within the Justice Department after authorized counsel of record receives actual notice, particularly when combined with the other indicia of carelessness indicated above, justifies a court in extending the time for appeal. (cited cases omitted). To say otherwise is so to enlarge a remedial power devised for the exceptional case as to cover any kind of garden-variety oversight."

The <u>Pasquale</u> court rightly stated that to extend the "excusable neglect" rule to any fact situation would, in essence, automatically enlarge the normal term set for filing a notice of appeal to the enlarged or extended term. In reaching its decision, the court quoted the advisory committee notes to the amended rule to the effect that "no reason other than failure to learn of the entry of judgment could ordinarily excuse a party from the requirement that the notice be timely filed".

K-MART next relies on <u>Torockio v. Chamberlaim Mfg. Co.</u>, 56

F.R.D. 82 (W.D. Pa. 1972), for the proposition that it is excusable neglect when counsel believes an Order to be conditional and not final. However, in <u>Torockio</u>, the attorney thought that the

dismissal was not final since it was as to a jurisdictional matter and not as to the merits and he thought that "without prejudice" meant the Complaint could be amended (56 F.R.D. at 88). Clearly there was an ambiguity and an honest reason for the attorneys' error. In this case, however, the Order of May 29, 1976 was clear and unambiguous and final in all respects, particularly with regard to Count I and the Counterclaim. Defendant's attorneys allege an ambiguity with respect to Count II, but this could not be to defendant's prejudice. Any ambiguity could have been resolved by a phone call. If the Order was not final as to Count II, it was certainly final as to Count I and the Counterclaim and defendant should have timely filed its appeal with respect thereto.

### IV. CONCLUSION

This Court, in dismissing Count II together with the rest of the Complaint and the Counterclaim, sought to terminate the proceedings in this case once and for all so that further expenses would be minimized to all the parties involved, an approach which has been approved in <a href="Larchmont Engineering">Larchmont Engineering</a>, Inc. v. Toggenburg Ski Center, Inc., 444 F.2d 490 (2d Cir. 1971).

Whether K-MART intended or did not intend to oppose an attempt by KASTAR to dismiss Count II, should have no bearing on Count I and the Counterclaim. Count II was directed to a claim for unfair competition and had little or nothing to do with the allegations and defenses established with respect to Count I and the Counterclaim.

Both trial and local counsel actually received the Memorandum and Order of May 29, 1976. They were under an obligation to make inquiry if they believed the Order was ambiguous or not final. The affidavits which have been submitted in support of this motion are meager at best and fail to recite the salient and necessary allegations relative to receipt of the clerk's postcards, as well as with respect to negligence or lack of negligence by the attorneys involved in failing to timely file a notice of appeal.

Any extension of time granted by this Court will only unduly multiply costs to both parties involved to litigate issues which have been made moot by the dedication of the patent in issue to the public.

Wherefore, defendant's motion should be denied.

Respectfully submitted,

M. GREENSPAN

Myron Greenspan

Dated: July 28, 1976

New York, New York

Of Counsel:

James E. Siegel, Esq.
Myron Greenspan, Esq.
LACKENBACH, LILLING & SIEGEL
41 East 42nd Street
New York, New York 10017

_DOCKET ATTORNEYS TITLE OF CASE For Plaintiff: KASTAR, INC. Armand E. Lackenbach -against-154 West Boston Post Road K MART ENTERPRISES, INC. Mamaroneck, N.Y. 10543 914 - - 381 - 2100 For Defendant: Thomas M. Marshall 111 East 38th St. New York, New York 10016 Cowan, Liebowitz & Latman S OF ACTION: PATENT INFRINGEMENT 200 E. 42 St., N.Y.N.Y., SEEKS: Injunction Richard E. Alexander 33 N. Dearborn St., Chicago, Ill., 60602 Y TRIAL CLAIMED DEFENDANT'S ACCOUNT .. RECEIVED DISBURSED RECEIVED DISBURSED DATE PLAINTIFF'S ACCOUNT 15 Complaint Park. Li Trian 12 ٠. ABSTRACT OF COSTS RECEIPTS, REMARKS, ETC. AMOUNT TO WHOM DUE REG. NO. OWNER DATE ISSUED 3.733.627 5-22-73 ____ Harry Epstein for Kastar, Inc.

DATE	FILINGS-PROCEEDINGS BEST COPY AVAILABLE	d that the time ended to Oct. 28,  filed.  and things pursuant to  that the deft is nswer the complaint 8 that the time for extended to  complaint is  trogatories filed 11 trogatories filed 13 trogatories filed 13 trogatories filed 13 trogatories filed 14 trogatories filed 14 trogatories filed 15 trogatories filed 16 trogatories filed 17 trogatories filed 17 trogatories filed 18 trogatories filed 18 trogatories filed 19 trogatories filed 19 trogatories filed 11 trogatories filed 12 trogatories filed 13 trogatories filed 14 trogatories filed 14 trogatories filed 14 trogatories filed 15 troga	
-30-74	Complaint filed. Summons issued.	-  <del></del> -	1188
9-5-74	Summons returned and filed, executed	-	- 333
25/74	By JUDD, J Order dated and 25, 1974 filed the the time	-	
•	for the defi to anguer the complaint to extended to Oct. 28,	-	1-
	1974	-	
25-74	Pltff's interrogatories to deft (first set ) filed.	-	
0-29-7	Beft'ss ANSWER and COUNTERCLAIM filed.		<del>                                     </del>
0-29-7	Deft's request to pltff to produce documents and things pursu	ant to	
	_to Rule 34 FRCP.	-	1
0-29-7	Pltff's Notice of Depositons filed	•	-
/30/74	By JUDD, J Order dated Cct. 30 1974 filed that the		-
1001=5	given up to and including Nov. 28, 1974 to answer the sent the	t o	i
/30/74	Scripulation dated Oct. 28, 1974 filed that the time 6	1 8	-
•	the deft to answer the complaint should be extended to	j	
700757	Nov. 28, 1974	0 :	
/30/74	Motion for extension of time to answer the complaint is	,	<del>                                     </del>
<i>·</i> ·	extended to Nov 28, 1974., filed.	10	1
127/74	Deft's Answers to Pltff's First Set of Interrogatories filed		-:
9/74	Reply to Purported Counterclaim filed.		
4/75	By JUDD, J Order dated 1/24/75 filed substituting attys for		- 1
	the deft	13	
-6-75	Deft's request for the production of documents filed.		1
-22-75	By JUDD, J Order filed extending to 5/7/75 time to answer		V
	with resepct to deft's request for production of documents	15 4:	
2/75	Objections of the pltff Kastar to deft's request to produce fi	led: 16	Al THE
-9-75	Refore COSTANTINO, JCase called and adj'd to 6-19-75.		1 1 1
22-75	Before JUDD, JCase called and ad'd to 6-5-75.		- 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1
9-75	Deft's motion to compel production, ret 6-5-75 filed.	100	1
23-75	Ry JUDD, JOrder dtd 6-20-75 re production of documents	<u> 17 ·</u>	
	and for the handling of confidential information filed.	18	
28-75	Deft&s request for admissions under Rule 36 filed.		** 1
-20-75	Deft's response to ptlff's requests for admissions filed.	19	
-4-75	Answering affidavit of Arthur J. Greenbaum filed.	20	- 4
-5-75	Noticerof motion for an extension of time to answer the	21	<del>-                                    </del>
	deft's request for admissions etc ret 12-5-75 filed.	22	
-5-75	Pltff's answers to deft's request for admissions filed.		
19-76	Notice to take deposition of Bertram Kaplan, Harry Epstein	23	—
a r	James G. Hartwyck, Tom Devito and Joseph Papperelli filed.	24	
	Tables of the service		

DATE	Survey Samuel Se		
-10-76	Notice of motion ret. 2-13-76 for dismissal filed.	25	_
13/76	Before JUDD, J Case called- Adjd to 2/20/76		-
-17-76	Letter from Myron Greenspan with copy of dediction document to		
	Judge Judd filed.	2	6
2-19-76	Copy of memorandum in opposition to pltff's counterdefts		
	pending motions filed.	27	,
2-29-76	Before JUDD, J. = Case called. Motion for dismissal and for attys		•
	fees aruged. Decision reserved pending submission of reply		
	affidavit within one week. Depositons stayed pending decis on		
	of motion.		*
2-24-76	Memo in opposition to pltff. counterdefendants pending motions		
	filed.	28	
3-1-76	Affidavit of Richard E. Alexander filed.	29	
3-9-76	Letter from James E. Siegel dtd 3-8-76 filed:	30	
3-9-76	Affidavit of Bertram Kaplan filed.	31	
	Affidavit of Armand E. Lackenbach filed.	32	
3-17-76	Deft. memo in response to pltff's affidavit and letters filed.	33	
	Letter from Myron Greenspan dtd 4-16-76 filed.	34	
5-3-76		35	
/7/76	Letter dated 2/11/76 filed from M. Greenspan to J. Judd with	•	
2.76	attached papers, etc.	36	_
-2-76	By JUDD, J Memo and order dtd. 5-29-76 that pltff's motion		
	for voluntary dismissal of Count 1 of the complaint is granted	• •	_
<u> </u>	and Count 11 of the complaint be dismissed as a condition		_
	of this order with costsxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx		_
-14-76	deft. etc., filed.p/c mailed.  Defts petition for reconsideration of memo of 5-29-76 filed.	37 38	_
-20-76	Pltff's opposition to defts petition for reconsideration filed.		_
-26-76			_
			r
		41 /	_
1-2/-/6	Deft's memorandum in support of its motion for extension of		•
7-27-76	time to appeal filed. mg	42	,
-27-16	By DOOLING, J-ORDER TO SHOW CAUSE ret 7-28-76 why an order should		-
7-27-76		43	
	Copy of letter dtd 6-12-76 to Carol F. Simpkin from James E.		_
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IN THE UNITED STATES DISTRICT COUPT FOR THE EASTERN DISTRICT OF NEW YORK

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KASTAR, INC.,

Plaintiff.

Civil Action No. 74 C 12e6 Honorable Judge Orrin G. Judd

K MART ENTERPRISES, INC.,

Defendant.

PLAINTIFF'S OPPOSITION TO DEFENDANT'S PETITION FOR RECONSIDERATION

On July 9, 1976, plaintiff's attorneys received a copy of DEFENDANT'S PETITION FOR RECONSIDERATION, which was served by mail by depositing the copy in the United States Mail on July 7, 1976.

Defendant's petition for reconsideration should be denied in all respects for the reasons that:

- (a) It is untimely made;
- (b) The Court's initial order was proper and correct, and
- (c) ...ny reconsideration and the conducting of further hearings will only increase the parties' expenses when it was the primary objective to limit expenses by terminating this litigation in the manner as accomplished by Judge Judd's Memorandum and Order of May 29, 1976 granting plaintiff's motions.

### I. INTRODUCTION

The background and facts in this case are set forth in Judge Judd's Memorandum dated May 29, 1975, at pages 2-8.

Mrs. Kovin, the former Law Clerk to Judge Judd, confirmed that no further steps had to be taken by plaintiff to finiss. Count II of the Complaint. Count II was deemed to have been dismissed as a condition of the Order simultaneously dismissing

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Count I and the Counterclaim.

Defendant contends that plaintiff's unfair competition count (Count II) is "baseless" - yet it would oppose the dismissal. The motive of defendant's counsel is apparent. He seeks only to multiply fees and costs and then to impose these costs upon plaintiff.

#### II. DEFENDANT'S PETITION IS UNTIMELY UNDER THE LOCAL GENERAL RULES

Rule 9(m) of the Local General Rules of the United States clearly and specifically requires that a motion for reargument be made within ten days after the filing of the court's determination. The Federal Rules of Appellate Procedure, Rule 4(a), allow an appeal to be taken from a judgment entered in the District Court within thirty days from entry of the judgment if the appeal is a matter of right.

In this case, Judge Judd's Memorandum and Order was dated May 29, 1975 and was docketed on June 2, 1976. From this it immediately becomes clear that defendant did not act timely but waited more than the maximum thirty days before making this petition for reconsideration. Plaintiff respectfully submits that not only has the time run out for requesting a rehearing, but the time for lodging an appeal to the Court of Appeals has similarly clapsed. Defendant should not, the acore, be permitted to seek review of a decision by the District Court when it is barred from a right of review by the Court of Appeals. The granting of this petition for rehearing would, in effect, grant defendant review of a decision upon which no further review is permitted under the Federal Rules.

## III. THE COURT'S INITIAL DECISION WAS CORRECT

The Court was correct in its first decision. The policy considerations in this case truly warranted the Court to drop all the counts and counterclaim in this action upon the dedication of the patent in suit, since all these claims and counterclaim have thereby been rendered moot. The Court undoubtedly recognized that the best interests of both parties would be served by termination of proceedings in this case. The other hand, the attorneys for the defendant have tried over and over again to reinstitute, continue and prolong the proceedings. Justice and the equities in this case require that these proceedings be terminated once and for all and tha defendant's Petition for Reconsideration be denied.

Where a litigant is dissatisfied with a decision, he may request reconsideration or appeal to a higher tribunal. Howe the Federal Rules and public policy demand that a request for review be diligently and timely made.

The question of attorneys' fees is within the Court's discretion. The Court had considered all the facts and not having found that this was an "exceptional" case, has proper! denied defendant's request for attorneys' fees. The defendant has made no showing of an abuse of discretion and, therefore, the Court's prior decision should be permitted to stand.

All the counts and counterclaim were simultaneously dismissed and the Court took this action to minimize litigat: expenses to all the parties involved, an approach which has approved by the Second Circuit. See Larchmont Engineering, v. Toggenburg Ski Center, Inc., 444 F.2d 490 (2d Cir. 1971). decision which has issued in this case is consistent with the

policy in this Circuit regarding attorneys' fees. Again, the defendant has not shown how the Court was clearly erroneous, arbitrary in making this decision and, since decisions with respect to attorneys' fees are totally discretionary with the Court, the Court was certainly well within its power and right to make the decision that it did.

## IV. THE COURT HAS NOT FOUND THE PATENT TO BE INVALID

Defendant's attorneys have taken the position throughout the Petition for Reconsideration that plaintiff's patent, now dedicated to the public, was in fact invalid. No such determination has ever been made by the Court. As appears from the Court's order of May 29, 1976, the Court gave full considerat of the salient facts and made no determination of validity or invalidity. It is obvious that the Court recognizes that the was an issue as to validity which was rendered moot by the dedication to the public of the patent in suit.

### V. CONCLUSION

Based on all of the above, plaintiff respectfully reques this Court to deny defendant's Petition for Reconsideration.

The Petition is extremely untimely and is barred by Loca Rules. Additionally, the award of attorneys' fees, the only area of interest insofar as the defendant is concerned, was totally discretionary with the Court, and the defendant has not shown how the Court was arbitrary in this respect.

public and moved to dismiss both counts of its complaint in a good faith effort to terminate this suit and to spare the parties any additional expense. The Court recognized this stop of affairs and granted plaintiff's motion, thus terminating a

that the reconsideration of this case and the possible reinstitution of proceedings as requested by defendant's attorneys would serve the interests of any of the parties involved. The Larchmont case, supra, is directly in point and should be dispositive of the issues which have now been raised by the defendant's attorneys. This Second Circuit case has not once been mentioned by defendant's attorneys, although it clearly sets forth the policy to be followed in cases such as this one.

Respectfully submitted,
LACKENBACH, LILLING & SIEGEL

### M. GENERSPAN

James E. Siegel, Esq. Myron Greenspan, Esq. Attorneys for Plaintiff 41 East 42nd Street New York, New York 10017 (212) 986-7630

Dated: July 15, 1976

### CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Plaintiff's Opposition to Defendant's Petition for Reconsideration was personally served upon defendant's counsel, Messrs. Cowan, Liebowitz & Latman at their offices at 200 East 42nd Street, New York, New York and mailed to defendant's counsel, Richard E. Alexander, Esq. at 33 North Dearborn Street, Chicago, Illinois 60702 this 16th day of July, 1976.

M GREENSPAN

Myron Greenspar



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### CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing MEMORANDUM OF PLAINTIFF MASTAR, INC., IN OPPOSITION TO THE MOTION OF DEFENDANT K-MART ENTERPRISES, INC. FOR AN EXTENSION OF TIME IN WHICH TO FILE NOTICE OF APPEAL UNDER RULE 4(a) F.R.A.P. was personally served upth defendant a counsel, Messrs. Cowan, Liebowitz & Latman and mailed to defendant's counsel, Richard E. Alexander, Esq. at 33 North Dearborn Street, Chicago, Illinois, 60702 this 29th day of July 1976.

M. GEKENSPAN

Myron Greenspan

2 UNITED STATES DISTRICT COURT 3 EASTERN DISTRICT OF NEW YORK 4 KASTOR INC., 5 6 Plaintiff, : 74-C-1266 7 -against-8 K-MART ENTERPRISES, INC., : 9 Defendant. : 10 11 United States Courthousa Brooklyn, New York 12 13 July 29, 1976 14 10:00 c'clock A.M. 15 16 17 HONORABLE JOHN F. DOOLING, JR. U.S.D.J. 18 19 20 .21 22 PERRY AUERBACH 23 ACTING OFFICIAL COURT REPORTER 24

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## Appearances:

MYRON GREENSPAN, ESO.

-andJAMES SIEGEL, ESO.
Attorneys for Plaintiff

ARTHUR J. GREENBAUM, ESO. Attorney for Defendant

THE CLERK: Kastor Inc. versus K-Mart Enterprises,

THE COURT: Yes, sir.

MR. GREENBAUM: Your Honor, I represent the defendant, K-Mart, here. This is a motion on the Rule 4A of the Federal Rules of Appallate Procedures seeking an enlargement of time to file a notice of appeal. Let me explain why the notice of appeal was not filed within the 30 day period.

THE COURT: I have read your papers, and I understand your position.

MR. GREENBAUM: Your Honor, I would note, I received a few minutes ago the papers that were submitted by the plaintiff, and there are two statements in those papers that I would like to comment on, if I might. On page 3 -- excuse ms, your Honor, do you have a copy of those papers?

THE COURT: Yes.

MR. GREENBAUN: On page 3, at the end --

THE COURT: Of the mamo?

MR. GREENBAUM: This is of the memorandum, yes,

sir.

On the last full paragraph, the last sentence,

per 

where it says, "There could be no denying that light

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cards would be received by Kaynard's attorneys." The card is irrelevant. Whether or not the law should be that way, it's the docketing date that counts. There is no question about that, your honor.

THE COURT: On the enguse level.

MR. GRELHEAUH: Yes.

THE COURT: When did you get a copy of the memorandum from our Judge Judd? Didn't he usually mail copies?

MR. GREENBAUM: Yes, he did. We received a copy of that shortly after the May 29th day. Here is the copy which we received.

THE COURT: You probably received it before it was dockated.

MR. GREENBAUM: Probably we did, your Honor.
There is no reference in there that it was docketed.

THE COURT: No. He probably sent it to you before it was docketed.

MR. GREENBAUM: Yes, your Honor.

on June 2nd, 1976, and the files stamped on the envelope indicates as much on the instrument.

MR. GREENBAUM: There's no argument as to that, your Honor. But, since the question of actual knowled.

goes to the issus of excusable neglect, which is set forth, I would like to comment on why the statement in the memorandum is incorrect.

We did not receive copies of the postcard notifying that there was some document filed.

THE COURT: EVET?

MR. GREENBAUM: Correct.

THE COURT: Because the docket entry says, "PC mailed" which means postcard mailed.

MR. GREENBUAM: Yes, sir. Let me explain that.
When we learned --

THE COURT: You mean the wrong lawyer got it?

MR. GREENBAUM: Right. The lawyer that was
substituted out of this case may have gotten it.

THE COURT: For all you know.

MR. GREENBAUM: For all we know. He was docksted, docket entry 13, January 24, 1975, is when the old attorney was substituted out of this case.

THE COURT: Let me cut through on this. Whether it should be that way or not, I don't know. I think that two things are highly probable. First, that the time to appeal is not yet commenced. To run the risk of seeming to disagree with Judge Judd's clerk, I would say that the language of Judge Judd's Court is

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nave been a lawyer, and I am not good at such things, I would not interpret it as final. The Court normally closes the file, I mean stamps it closed the minute we get a final judgment in it, and under the rules, the filed judgment is supposed to be a separate instrument Mobody knows that that means. My practice is always to, after, I would have said what Judge Judd said here to specifically direct the clark to enter judgment in this case. I take it it would be a judgment that plaintiff take nothing against the defendant. That the defendant take nothing against the plaintiff on the counter-claim, and that both the claim and the counter claim are dismissed on the morits.

Now, short of that, I don't think the time to run has expirad.

Mow, the defendant, meanwhile, you know the defendant had filed a patition for reconsideration.

MR. GREENBAUM: We withdraw that, your Honor.

in the water, because had it been submitted for the termination, I don't think there is any doubt there would have operated to extend the time for appeal on the statute.

MR. GREENBAUM: Except a claim they were filed late, your Honor.

THE COURT: The motion?

MR. GREENBAUM: Yes. For reconsideration, so we get an argument as to that, but then we are back to the same point as to whether it was ambiguous or not.

should be prosecuted, and that a sufficient reason for being let out, if there was any default, exists, and I would certainly suggest that if the issue, if you want the issue reviewed in the Court of Appeals, that two things be done. A notice of appeal from the instrument now on file, filed June 2nd, docketed June 2nd, be filed, and that you discuss with the clerk what is going to happen next, because unless the plaintiff, as I see it, I mean unless the clerk, there's some assurance that the condition has been accepted, I am not at all clear that he would be comfortable without entering the judgment.

MR. GREENBAUM: In view of your remarks, we would be uncomfortable, too.

We had gone into an enormous problem in getting a record, and we go to the Court of Appeals.

THE COURT: That's the other thing that bothers

me. We all know that the Court of Appeals has regarder its own jurisdiction, and the limit of it.

Now, here I am blessed, if I am quite clear, you see, what the Judge said was that "In view of t indications that plaintiff would grant its claim of unfair competition if the patent count is dismissed without attorneys' fees, the Court may properly mak such a withdrawal a condition of this record."

Now, I think that makes it exactly what it s
That's sort of final. But, doesn't there have to b
from the plaintiff's side of the case, some kind of
instrument that says, "I withdraw"?

MR. GREENBAUM: That's the way we understood your Honor.

without more due. I honestly don't know. Because, see, if the plaintiff is unwilling to accept that condition, for any reason, then I think that the cahas not been disposed of. I hate to create such a mass on you, gentlemen, but I'm afraid I have to.

MR. GREENBAUM: Your Honor, if I might make suggestion. I suspect that the plaintiff would be willing to file such a document. Rather than to go through that, could we not do that on the record he

if the plaintiff is willing to do that. ... view of

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the fact --

THE COURT: Well, I think rather than make counsel for the plaintiff make his decision, when he may be in total disagreement with what I have said, that I ought to put what I have said down in as simple 7 English as I can somewhere, so that counsel can act 8 on it. But, meanwhile, I think as a safeguard, what 9 I will do here and now, and on the record, and in 10 open Court, extend the time of the defendant to appeal 11 from Judge Judd's determination, his memorandum and 12 order dated May 29th and docksted and filed June 2nd, 13 1976, without determining that it is an appealable 14 instrument, for that's a determination that can be 15 made only by the Court of Appeals, and I will explain 16 the rest of it in a memorandum that will be as brief 17

and as quickly filed as possible.

Now, this may seem to you, gentlemen, to -- I have formed the habits somewhat Solomonic, that I have cut the baby in half, and I have left both ends of the dead, but this is the best I can think of under the circumstances.

In other words, you both know this whole question of counsel fees is as hot as a griddle in our

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circuit at this moment. Indeed, nobody ever reads my opinions, because they are so long and tiresome, but I also said something about this in the racetrack case, Digitronics, which is hidden away in U.S.P.Q. somewhere. It's, I think, Digitronics against New York Racing Association or something like that, and it's unfortunately not the whole, they edited out a couple of hundred pages, but I think the parts of it which dealt with this view in this area that we are interested in, the other day, I did cover, so that I think you would see from that that it's highly likely that I would reach just the same conclusion that Judge Judd it. But, I will leave that to you, gentlemen, to quess at from reading the Digitronics things, because I think that part of it they didn't publish in the USPQ. Did you have a good enough hearing?

MR. GREENSPAN: Your Honor, could we make just a couple of statements?

THE COURT: Sure. Make them awfully fast if you will.

MR. GREENSPAN: Good morning, your Honor. It seems that the basis for your decision this morning was that the order was somewhat ambiguous, but the fact remains that a copy of the decision was received.

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. THE COURT: No doubt about that, and the critical date is even May 29th or June 2nd.

MR. GREENSPAN: Right. Now, they also send moving affidavits that they have reviewed the decision, and that at that point I suppose close to the date of June 2nd or thereabouts, they received a conclusion that the order was ambiguous. Now, they had between the beginning of June and the 30 day period that followed, to simply pick up a telephone, call the clerk's office or for that matter, the Judge's chambers, and saek for a clarification of that order to find out what was meant. I think that the Second Circuit case which we mentioned in the memorandum, in our memorandum, mainly the case of Michols Morris Corporation versus MOrris. I think that case controls here, because it says that it's incumbent upon a litigant to follow the progress of his litigation. In this case, it's not like the ordinary case is, where extensions of time are given. In most of those cases, there is normally a showing, and a good showing, which was not the case here, but there is a good showing on affidavits and clear and detailed statements of facts that the litigating attorneys, and normally the main trial counsel do not receive any notice of either the fact of

the issuance or promulgation of the decisional order, as well as the fact that they did not receive notice of its entry.

Now, in a case like that where the main trial counsel does not have any notice at all, then we agreed that under those circumstances, the rules permit an extension.

THE COURT: I have that in mind.

MR. GREENSPAN: however, this case stands out for the reason that both local and trial counsel have received this memorandum.

THE COURT: I think that's perfectly clear.

MR. GREENSPAN: And the Nichols case made it incumbent upon them to call up the Court and get a clarification. They were negligent to that extent.

THE COURT: I disagree, because whether you do
that or not is pretty much a question that's no way to
find out what an order means. If an order is uncertain,
then you move.

MR. GREENSPAN: So then before they moved, it took 30 days before they did anything in this case.

Now, to permit a 30 day --

THE COURT: Is there a specific time limit on motions? I think there is.

MR. GREENSPAN: In the local rules, it's ten days, and they moved for a petition of reconsideration more than 30 days later. So, they were certainly beyond that time limit, and of course the appeal period is 30 days, and they were beyond that. To our position, they have not shown excusable neglect, as clearly required by the cases and the rules.

THE COURT: I think you have got some very powerful argument. So, as I say, I have already ruled on that question. Now, and we will go on to the rest of it in my memo.

MR. GREENSPAN: Thank you, sir. One more thing, is it possible to get a complete decision of the Digitronics case. You mentioned that certain portions have been cut out.

THE COURT: Sure. You come into my chambers now.

MR. GREENBAUM: Your Honor, if I may. While I was at the bar, my assistant delivered an affidavit from Richard Alexander, the trial counsel from Chicago, which was received in our office this morning. I served a copy to Mr. Siegel after I had a chance to read it. Could I hand this in, please?

THE COURT: Sure.

MR. GREENBAUM: Thank you, your Honor.

## Lilling & Siegel Lackenbach, -PATENT AND TRADEMARK CAUSES

ABLE ADDRESSES NEWYORK ACKEN MAMARONECK BURTJIM VA.

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AND E. LACKENBACH ON L. LILLING S E. SIEGEL Y A. MARZULLO. JR.

July 29, 1976

IN P. PRESTA (NOT ADMITTED IN N.Y) R. HORNE (NOT ADMITTED IN M. T.) ON GREENSPAN

> Honorable John F. Dooling, Jr. United States District Court Eastern District of New York United States Courthouse 225 Cadman Plaza East Brooklyn, New York

NEW YORK

41 EAST 42ND STREET NEW YORK, N.Y. 10017 (212) 986-7630

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VIRGINIA

JACOBI, LILLING & SIEGEL 1755 SOUTH JEFFERSON DAVIS HIGHNAY ARLINGTON, VIRGINIA 22202 (703) 521-3330

PLEASE REPLY TO OUR New York Cityoffice

Re.: KASTAR, INC. v. K-MART ENTERPRISES, INC. '74 C 1266

Dear Sir:

This letter is pursuant to our today's telephone conversations with your Law Secretary, Mr. H. Gutman, following this morning's hearing in the above case.

Enclosed is a photocopy of a letter dated June 16, #76 to James E. Siegel, Esq., an attorney for Kastar, Inc., from Judge Judd.

We have the original of this letter.

This letter is believed to indicate in no uncertain terms that as far as Judge Judd was concerned, the above case was finished, over and done with. By this letter, Judge Judd returned an exhibit to counsel for plaintiff and advised coun. I that it be kept available should the other side take an appeal. It is not conceivable how Judge Judd could have made his position any clearer respecting the finality of his Memorandum and Order dated May 29, 1976 and the final disposition of this case.

The above-mentioned letter from Judge Judd was received by counsel for Kastar on June 17, 1976. The letter also indicates that copies of the same were mailed to Richard E. Alexander, Esq. and Cowan, Liebowitz and Latman. Both trial and local counsel for K-Mart, therefore, received this letter on or about the same time that Kastar's counsel did. Yet, neither the trial nor local counsel made any effort to act and file a notice of appeal within

the time period mandated by the rules.

Whatever ambiguity Counsel for K-Mart decided may have existed with respect to Judge Judd's Order should have been fully dissipated by the above letter. There was no excuse for failure to timely act and the failure to act could not now be said to constitute "excusable neglect."

In view of the above, plaintiff respectfully requests that the enclosed, or the original, be made an exhibit and part of plaintiff, Kastar's opposing papers, and that this letter be made of record in these proceedings. Although Richard E. Alexander, Esq. and Cowan, Liebowitz and Latman undoubtedly received copies of this letter, a copy of this letter and a copy of Judge Judd's letter are

During the hearing, Your Honor indicated that the Memorandum and Order dated May 29, 1976 may be ambiguous and may not have been final. Accordingly, and this is the position of K-Mart, plaintiff should have filed some instrument or moved to dismiss Count II of the complaint before the Memorandum and Order could formally be made final and entered. You also indicated that the clerk would otherwise have felt uncomfortable entering a conditional Order.

The fact remains, however, that the clerk did enter the Memorandum and Order on June 2, 1976 and mailed out the postcards as mandated by Rule 77(d) F.R.Civ.P.

Finally, we also wish to point out that after the hearing counsel for Kastar was served with a Notice of Appeal which reads as follows:

"Notice is hereby given that K-MART ENTERPRISES, INC., The Defendant above named, hereby appeals to the United States Court of Appeals for the Second Circuit from the final judgment entered in this action on the second day of June, 1976." (Emphasis added).

It would certainly seem that the position taken in the Notice of Appeal is inconsistent with the position taken by K-Mart for purposes of its motion to extend the time to appeal. On the one hand, K-Mart is maintaining that Judge Judd's Order was not final, on the other hand they are taking the position that it was final. Based upon the language in the Order itself, the fact of entry by the clerk of the Order on June 20, 1976 and Judge Judd's letter of June 16, 1976, it is respectfully submitted that the Order could not have been anything but final and counsel for K-Mart was duly apprised of this fact. Since K-Mart's counsel failed to act within the time prescribed by the rules and since they have not shown that their conduct constituted "excusable neglect" their motion should be denied. Indeed, the facts are such that they cannot properly allege excusable neglect.

Very truly yours,

LACKENBACH, LILLING & SIEGEL

## M. GREENSPAN

Myron Greenspan for the firm

cc: Richard E. Alexander, Esq. / Cowan, Liebowitz & Latman, P.C.

UNITED STATES COURT EASTERN DISTRICT OF NEW YORK 225 CADMAN PLAZA EAST BROOKLYN. N. Y. 11201 RECEIVED [ June 16, 1976 JUN 1 7 1976 LACKENBACH, LILLING & SIEGEL James E. Siegel, Esq. 41 East 42nd Street New York, NY 10017 18-Re: Kastar, Inc. v. K Mart Enterprises, Inc. 74-C-1266 Dear Mr. Siegel: The case having been decided, I am returning the copy of Interim Catalog No. 868 which was forwarded with your letter of March 9, 1976. You should keep it available in case it is required in connection with any appeal. Yours very truly, Orrin G. Judd United States District Judge Enc. cc Richard E. Alexander, Esq. Cowan Liebowitz & Latman, Esqs. 200 East 42nd Street New York, NY 10017 manifest manifestive for the contract of the manifestive

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF NEW YORK

Plaintiff,

Plaintiff,

Vs.

K-MART ENTERPRISES, INC.,

Defendant.

NOTICE is hereby given that K-MART ENTERPRISES, INC., the defendant above named, hereby appeals to the United States Court of Appeals for the Second Circuit from the final judgment entered in this action on the 3rd day of August, 1976.

FURTHERMORE, in view of the fact that this appeal raises the identical issues and is based upon the identical facts as the appeal filed on July 29, 1976 by Defendant to the Court of-Appeals for the Second Circuit from the putative judgment entered in this action on June 2, 1976, it is requested that both appeals be consolidated and be heard on a single record and brief.

Respectfully submitted,

COWAN, LIEBOWITZ & LATMAN, P.C. Attorneys for K-Mart Enterprises, Inc.

By Arthur J. Greenbaum
200 East 42nd Street
New York, N. Y. 10017
212-986-6272

Dated: August /6, 1976.

Trial Counsel for K-Mart Enterprises, Inc. THE LAW FIRM OF RICHARD E. ALEXANDER LTD. 33 North Dearborn Street Chicago, Illinois 60602

312-RA6-7800

TO: LACKENBACH, LILLING & SIEGEL Attorneys for Kastar, Inc. 41 East 42nd Street New York, N. Y. 10017 212-986-7630

Lackenbach, Lilling & Siegel, attorneys for Kastar, Inc., hereby consents to the consolidation referred to above.

LACKENBACH, LILLING & SIEGEL

Ву____

Dated: August , 1976.

UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

KASTAR, INC.,

v.

Plaintiff-Appellee,

Docket No. 76-7378

K-MART ENTERPRISES, INC.,

Defendant-Appellant.

PLAINTIFF-APPELLEE'S MOTION TO ACATE
JUDGMENT, PETITION FOR MANDAMUS AND
TO DISMISS APPEALS

Plaintiff-Appellee, KASTAR, INC., moves the Court to dismiss the appeals herein with costs to Appellee on the grounds that:

- The Order dated May 29, 1976 was a final one and did not require further action by appellee.
- 2. The Clerk of the Court for the Eastern District of New York failed to perform his ministerial duty of preparing, signing and entering a Judgment as a separate document based on the Order dated May 29, 1976. Entry of such a judgment nunc pro tunc would make the first filed appeal untimely.
- 3. The Order dated August 2, 1976 was only duplicative of the Order dated May 29, 1976 and only served the purpose of extending appellant's time to appeal when appellant has not shown in full, clear and sufficient terms that the delay in filing a notice of appeal in this case was the result of "excusable neglect". This Court's vacating of the Order dated August 2, 1976 would make the second filed appeal moot and unappealable.

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Although appellant was aware of the final Order dated May 29, 1976 within days after it was signed by Judge Judd, appellant failed to take any action whatsoever within the ten day period specified in Rule 59(e) F.R.Civ.P. or within the thirty day period to appeal specified in Rule 4 F.R.A.P., when trial and local counsel for appellant were mandated to follow the progress of the litigation. Nichols-Morris Corporation v. Morris, 279 F.2d 81 (2d Cir. 1960).

Respectfully submitted,
LACKENBACH, LILLING & SIEGEL

Dated: Sept. 2,1976

M. Cammidini

By:

James E. Siegel, Fsq.

Myron Greenspan, Esq.

Attorneys for Plaintiff-Appellee
41 East 42nd Street
New York, New York 10017

(212) 986-7630

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UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

KASTAR, INC.,

v.

Docket No. 76-7378

Plaintiff-Appellee,

-------

NOTICE OF MOTION TO VACATE JUDGMENT, PETITION FOR

MANDAMUS AND TO DISMISS

APPEALS.

K-MART ENTERPRISES, INC.,

Defendant-Appellant.

Richard E. Alexander, Esq. Attorney for Defendant-Appellant 33 North Dearborn Street Chicago, Illinois 60602

> Cowan, Liebowitz & Latman, P.C. Local Counsel for Defendant-Appellant 200 East 42nd Street New York, New York 10017

Notice is hereby given that on September 14, 1976, at the time appointed by the Court for such purpose, the plaintiff-appellee in the above-entitled case will present to the United States Court of Appeals for the Second Circuit at the Federal Court House, Foley Square, City and State of New York, its motion to vacate the Judgment entered August 3, 176, to mandate the Clerk of the Court for the Eastern . . rict of New York to enter a Judgment nunc pro tunc on the Order dated May 29, 1976, and to dismiss the appeals for the reasons stated in such motion, a copy of which is annexed hereto.

Dated: Sept . 2,1976

LACKENBACH, LILLING & SIEGEL

M. GEKENSPAN

James E. Siegel, Esq. Myron Greenspan, Esq. Attorneys for Plaintiff-Appellee 41 Fast 42nd Street New York, New York 10017 (212) 986-7630

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## UNITED STATES COURT OF APPEALS

Second Circuit

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At a Stated Term of the United States Court of Appeals, in and for the Second ircuit, held at the United States Court House, in the City of New York, on the Court House one thousand nine hundred nd seventy-six.

Kastar, Inc.

Plaintiff-Appellee.

K-Mart Enterprises. Inc., Defendant-Appellant.

It is hereby ordered that the motion made herein by counsel for the

WHELE STATE

appelice

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y notice of motion dated September 2, 1976 to vacate the judgment of the Inited States District Court for the Eastern District of New York intered August 3, 1976, to mandate the clerk of the court for the lastern District of New York to enter a judgment nunc pro tune on protection of New York to enter a judgment nunc pro tune on protection of New York to enter a judgment nunc pro tune on protection of New York to enter a judgment nunc pro tune on protection of New York to enter a judgment nunc protection of New York to enter a judgment nunc protection of New York to enter a judgment nunc protection of New York to enter a judgment nunc protection of New York to enter a judgment of the last number of the last

the order dated May 29, 1976, and to dismiss the appeal and it horeby is denied.

A. DANIEL FUSARO Clerk

By: EDMARD J. CJARDARO Senior Deputy Clerk

BEFORE:

HOM. J. JOSEPH SMITH,

HON. JAMES L. OAKES,

HON. THOMAS J. MESKILL

Circuit Judges

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